Daily Report

Latin America

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FBIS-LAT-89-157 *16 August 1989*

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Cuba

Bush Cites Possibility of Kidnapping Noriega

FL1608121489 Havana Radio Rebelde Network in Spanish 1040 GMT 16 Aug 89

[Commentary by Orlando Contreras on "Haciendo Radio"]

[Text] A few hours ago and perhaps not with the importance that this action merits, international public opinion learned that the President of the United States, George Bush, has not discarded the possibility of ordering the kidnapping of General Manuel Antonio Noriega. During a press conference, Bush reiterated the well-known charges against Noriega and refused to deny the possibility of kidnapping the Panamanian military man as occurred last year with Palestinian citizen (Fawas Jonis), who was kidnapped in the Mediterranean and transported to the United States where he was sentenced for air piracy.

Bush's position involves a serious risk for international security. If the kidnapping is allowed, if a powerful nation is allowed to assume extraterritorial rights, if national sovereignties are allowed to be at the mercy of a foreign power, the UN Charter and the basic principles of international law will be ignored.

Yesterday, in another act that flagrantly violates Panama's sovereignty, Yankee air transport units conducted a paratroop operation that landed at the U.S. Embassy in Panama City, thus violating Panama's airspace and territory. The embassy of a foreign country enjoys the status of immunity and extraterritoriality but it does not have access to the area around it.

Imagine what would happen if a Third World country decided to conduct an air transport operation in Washington that would land on its own building or the area surrounding its embassy. These are serious and unacceptable actions.

If the principle is to be maintained that the sovereignty of nations is not linked to its size or its military power, if the Yankee position is tolerated, we would be accepting a tutelage or, if one prefers, the confirmation that powerful nations have rights over small countries. No one with dignity can remain impassive to such a possibility.

Visa Denial Termed 'New Yankee Aggression'

FL1508132689 Havana Radio Rebelde Network in Spanish 1040 GMT 15 Aug 89

[Commentary by Daniel Torres on "Haciendo Radio"]

[Text] The decision made by the U.S. State Department to not issue visas to a group of Cuban journalists that would have covered the Intercontinental Baseball Cup, which begins tomorrow in San Juan, Puerto Rico, is a new yankee aggression against our country and a profound humiliation to the Puerto Rican people.

That the United States considers the presence of sports journalists in that Caribbean nation to be a threat is a ridiculous idea. Besides committing a hostile act against our people, Washington is emphasizing Puerto Rico's absolute status as a colony and revealing the empire's double standard. On the one hand, the empire makes decisions which completely come under the jurisdiction of the authorities of that Caribbean nation. On the other hand, the empire seeks to demonstrate to international opinion that it is attempting to hold a plebiscite to give the people of Ramon Emeterio Betances and Pedro Albizu Campos the independence that they long for so much.

The U.S. presence in Puerto Rico began on 25 July 1898 when Yankee armies invaded the country, dissolved the autonomous government, and established a military regime that, with modifications, currently persists. The United States is attempting to disguise its colonial regime in Puerto Rico under the euphemistic name of Associated Free State, which was established on 25 July 1952. With this hypocritical act, the United States attempted to proclaim that it had eliminated the colonial period and it then converted that nation [Puerto Rico] into an enormous, aggressive military base in the Caribbean where U.S. monopolies completely control the economy.

Things are now very clear to those who allowed themselves to be blinded by U.S. (?favoritism). The fact that a U.S. State Department official in Washington can decide who will or will not enter Puerto Rico is absolute proof of Puerto Rico's colonial status and, in this case, an embarrassment for the Puerto Rican people and the world sports movement.

We recently learned of the profound indignation felt by the trade union of Puerto Rican journalists because of the Yankee refusal to issue visas to Cuban colleagues. In a gesture of profound independence and solidarity, the Puerto Rican professionals have called on local authorities to explain this action which they have described as an unusual event.

U.S. press professionals who wish to visit our country have traveled, do travel, and will travel to Cuba, as long as they fulfill the necessary immigration requirements. There are hundreds of journalists who can describe the hospitality which our people have shown them in accordance with the ethics that characterize us.

Now the country that is making such a fuss about the freedom of the bourgeois press is not consistent with Cuba's position and, in an obtuse and prepotent manner, denies us any reciprocity.

Cuba is accustomed to these hostile Yankee acts. This is another action that can be added to a long line of aggressions. We Cubans will know what to decide and what response to give to the new provocation. However, the international community will undoubtedly condemn this arbitrary measure which shows that on the threshold of the year 2000, the United States is ratifying Puerto Rico's colonial condition which it profoundly humiliates with grotesque abuses, sordid maneuvers, and by stingily holding out.

Malmierca Meets With Counterpart in Cairo

FL1508213489 Havana Radio Reloj Network in Spanish 1957 GMT 15 Aug 89

[Text] Cuban and Egyptian Foreign Ministers Isidoro Malmierca and 'Ismat 'Abd al-Majid met in Cairo today. This was reported by the Egyptian radio monitored in Addis Ababa. According to the source, the talks dealt with the preparations for the next Nonaligned Movement summit to be held in Belgrade, Yugoslavia next month. Egypt and Cuba are part of the 101 countries that joined the movement founded in 1961. Malmierca arrived in the Egyptian capital last Sunday [13 August].

Reportage on Czechoslovakia Visit

For Czechoslovak and Cuban reportage on the visit by Foreign Minister Isidoro Malmierca Peopli to Czechoslovakia, including reports on his talks with President Gustav Husak, Communist Party official Jozef Lenart, and Foreign Minister Jaromir Johanes, please see page 12 of the Czechoslovakia section of the 14 August East Europe DAILY REPORT and subsequent issues.

South African President's Resignation Noted

FL1508145289 Havana Tele-Rebelde Network in Spanish 1100 GMT 15 Aug 89

[Text] South African President Pieter Botha has resigned his position of chief of state. In a televised message, the former South African leader justified his resignation by saying that he was ignored by his cabinet.

Botha's resignation came after a confrontation with the leader of the National Party and education minister, Frederik de Klerk, who decided to meet with Zambian President Kenneth Kaunda without informing the president.

For 11 years, Botha has headed one of the most racist and exploitive governments in the world.

The new leader will be sworn in today and observers expect Botha's successor to be De Klerk.

Further on Resignation

FL1508180689 Havana Radio Rebelde Network in Spanish 1700 GMT 15 Aug 89

[Station commentary]

[Text] Spent, gloomy, and virtually scorned by his cronies within and without [the country], the old paladin of apartheid has folded his flags and said goodbye. Pieter Botha, president of South Africa, has resigned. He himself made the announcement over television and said that he made this decision because he was ignored by his own cabinet. There is certainly a lot of truth to this.

Botha was certainly not consulted by his education minister and current president of the National Party, Frederik de Klerk, when he agreed to meet with Zambian President Kenneth Kaunda on 28 August. Regardless of how it occurred, in politics, as in almost everything else, what happened is less important than what will happen.

What does Botha's resignation imply? Above all, it means access to the leaders of the De Klerk government at a time when South Africa has no other alternative but to negotiate with its neighbors.

De Klerk assumed the Presidency this very morning and all the political sectors view him, more or less, as a firm and convinced conservative but more open to negotiation than the old Botha.

However, one must not harbor false expectations. South Africa is not going to the negotiating table because it wants to; it is going because it is obligated to do so, because the political reality forces it to do so.

President de Klerk may have given several speeches that appeared to be very reformist but one must not forget that during his first speech to the South African Parliament he said, textually: It is totally absurd to talk about a so-called nonracial society.

One will still have to wait and see how far De Klerk wants to go.

What we do believe is that, no matter how things turn out, that part of the world will never again be what it was before Cuito Cuanavale.

Soviet Floating Dock for Havana Port Arrives

FL1608014589 Havana Television Service in Spanish 0000 GMT 16 Aug 89

[Text] A modern floating dock for the Havana Fishing Port arrived in our country today. The floating dock came from the Soviet Union and was built in Klaipeda, located in the Baltic. It has a cargo capacity of 4,500 tons and is over 100 meters long. Due to its characteristics—it has an electric power plant and two cranes—it is considered to be a self-sufficient dock. It cost 6 million rubles. It will begin to be used at the end of the year. This

floating dock will help expand and provide technology to the repair facilities of the capital's fishing dock. It will save currency when we repair the ships of the Cuban fishing fleet and the Cuban tuna fleet.

Soldiers Discharged From Military Service

FL1608025589 Havana Radio Reloj Network in Spanish 0227 GMT 16 Aug 89

[Text] Today in the capital, Brigade General Ruben Martinez Puentes, vice minister of the FAR [Revolutionary Armed Forces] and chief of DAAFAR [Antiaircraft Defense and Revolutionary Air Force] troops, presided over the FAR's main ceremony on the occasion of the discharge from active military service of 936 sergeants and enlisted soldiers in the country.

Over 700 of the discharged men participated in the ceremony held at the Granma memorial in the Revolution Museum. Some 60 of them received the distinguished services award, 91 were promoted, 230 received a good behavior certificate, and 130 an (?honorable) discharge.

Colonel Ricardo Diaz Gonzalez, deputy chief of the DAAFAR and chief of staff, noted that the [words indistinct] of honor and responsibility created in the revolutionary struggle has a very concrete historic significance among youth.

Slaughterhouse Workers Arrested for Stealing Beef

FL1508174589 Havana Radio Progreso Network in Spanish 2230 GMT 14 Aug 89

[Police report]

[Text] The following citizens have been arrested for stealing: Santos Chives Duarte, who resides on 1st Street, No 1,781, (Molgoba) neighborhood in Boyeros; Francisco Gonzalez Gomez, who resides on San Mariano Street, No 2,425, between Dolores and Santa Emilia Streets in San Miguel del Padron; and Reynaldo Cobb Delgado, who resides on Evangelina Street, No 11, between Popular and Trujillo Streets, in Arroyo Naranjo. The three citizens worked at the Ciro Redondo slaughterhouse, located in Casa La Vieja center in the Guanabacoa area, between C and D Streets, in the San Miguel del Padron Municipality.

The three accused were caught by the police while patrolling the area. The police became suspicious of a Mercedes Benz truck which was parked, during normal working hours, in front of a house in the residential area of San Miguel del Padron. When the agents of public order inspected the vehicle's documents, they were able to confirm that the location where the truck was parked was not on the travel papers. Furthermore, when the police inspected the inside of the truck, they found 484 pounds of beef. When the three occupants of the Mercedes were asked about the beef that was found, all they said was that they were transporting meat wastes to another processing center located in the capital's municipality.

The combatants of the PNR [National Revolutionary Police] were not satisfied with the false evidence given by the individuals and immediately took them to the police unit where an investigation was started. During the investigations, it was discovered that the arrested individuals had all agreed to steal meat products of the Ciro Redondo slaughterhouse, since there was not much surveillance there. The citizens' only objective was to sell the meat and make money from that illegal activity.

Man Working in Underground Garage Causes Fire

FL1608022589 Havana Television Service in Spanish 0000 GMT 16 Aug 89

[Text] The cooperation of a group of construction workers of Brigade 71 of the ICAIC [Cuban Institute of Cinematographic Art and Industry] and the swift appearance of fire fighters unit No 3 of the MININT [Interior Ministry] have prevented the spread of a fire that began at an underground parking of a family dwelling building in Tulipan St, between Ermita and Central Streets in Plaza Municipality.

The fire was caused by a violation of citizen Jorge Portuondo—resident of the building—who was doing body work, which is not allowed in that type of installation. Portuondo was handling fuel at the same time that he was making electric connections, creating a short-circuit which, in turn, caused the fire. The author of the fire suffered from burns and his car was totally destroyed. [Video shows burned car.] Another vehicle was also damaged. Jorge Portuondo will be held accountable for the damages caused and the violation committed.

[Begin unidentified speaker recording] There was a total violation on the part of the comrade who was working there. That type of work cannot be done in a basement where that many vehicles are kept. Other vehicles in the place had to be removed. The fire could have spread through the interior stairs. You can see that the fire was spreading to the upper floors through the front area. This is the general situation. Luckily, the fire fighters acted swiftly and evacuation measures were implemented. At the same time, they were able to contain the fuel that had spilled and prevent it from spreading to other areas in the basement. [end recording]

Caribbean Affairs

Broadcasting Union President Reelected

FL1508224289 Bridgetown CANA in English 1938 GMT 15 Aug 89

[Excerpts] Paramaribo, Suriname, Aug 15, CANA—Jamaican Lester Spaulding has been re-elected president

of the Caribbean Broadcasting Union (CBU). Spaulding, managing director of Radio Jamaica (RJR), was picked at the CBU's annual assembly, held recently in Suriname.

Other members of the management committee are:
Mr Tino Barovier—vice president TV (Jamaica)
Mr Winston Springer—vice president radio (St Lucia)
Mr Ossie Goodman—vice president engineering (Guyana)
Mr Sam Tritt—committee member (Barbados)
Mr Vic Fernandes—committee member (Barbados)
Mr Fritz Pengel—committee member (Suriname)
Mr Jones Madeira—committee member (Trinidad)
Mr Calsey Johnson—committee member (Bahamas)
[passage omitted]

The next annual general assembly and song festival is to be hosted by Jamaica.

Antigua and Barbuda

Chinese Mission Holds Talks With Government

FL1508231589 Bridgetown CANA in English 2225 GMT 15 Aug 89

[Text] St John's, Antigua, Aug 15, CANA—A seven-member Chinese mission has been having discussions with the Antigua and Barbuda Government. The talks have focused on "preliminary studies on several projects" as part of an agreement signed between the People's Republic of China and the Antigua Government, a Foreign Ministry statement said.

The Chinese team, comprising five engineers and technicians and two officials from the Chinese Embassy in Barbados accredited to Antigua and Barbuda, on Monday [14 August] met with the director of the Public Works Department here, Neville Francis. The discussion centered on the design and construction of the Creek Sidce Bridge which usually floods when the country experiences heavy rainfall. The bridge is situated on the southern side of the country and when it floods commuters have trouble reaching St John's, the capital.

The Chinese had also planned discussions with the Ministry of Agriculture regarding the implementation of a project and with the Ministry of Education on an educational project involving the supply of classroom furniture.

The foreign affairs statement said that the team is expected to spend two weeks here "and before leaving both sides will sign implementation contracts and the banking and financial instruments for the projects."

Last December, both governments signed an agreement relating to several technical and financial assistance programmes.

The Chinese had also planned courtesy calls on the ministers of foreign affairs, agriculture, lands and fisheries, trade, industry and commerce and minister without portfolio, Mowlyn Joseph, officials here reported.

Antigua and Barbuda and the People's Republic of China established diplomatic relations in 1983.

Dominican Republic

Medical Association Members Urged To Return

FL1508152089 Santo Domingo Radio Mil Network in Spanish 1121 GMT 15 Aug 89

[Text] The executive committee of the Dominican Medical Association has urged its members to return to hospitals today as of 0800 [1600 GMT] to resume emergency services. The national deliberation assembly, composed of doctors from all over the country, refused, almost unanimously, to return to the hospitals until the conditions for their return are met.

Despite the refusal, the president of the executive committee of the union, Dr Fidel Mejia, during a news conference he granted last night, called on the doctors to return to the hospitals today starting at 0800. According to Dr Fidel Mejia, the doctors should (?demand that) health authorities decide on the withdrawal of military doctors, and should it not occur, the strike should continue.

The National Deliberative Assembly of the Dominican Medical Association agreed to return to the emergency rooms when the doctors are guaranteed that they will receive back pay for their late salaries, the renewal of exams for drivers' licenses [as heard], as well as the guarantee that they would not be fired or transferred for having been on strike. During a news conference, Dr Fidel Mejia, spokesperson for the executive committee of the union, announced that next Monday [21 August] another national assembly would be held which would determine the final position of the protest movement.

Strike Suspended To Hold Talks

FL1508140989 Bonaire Trans World Radio in English 1130 GMT 15 Aug 89

[Text] In the Dominican Republic, doctors at public hospitals are suspending their month-long strike beginning today. The executive committee of the Dominican Medical Association decided to suspend the strike for a week to allow Dominican President Joaquin Balaguer to open negotiations with the association. President Balaguer had said he would not open talks with the doctors while they remained on strike.

The doctors are demanding, among other things, a 100 percent pay increase.

Haiti

'Important' Caricom Delegation To Arrive 15 Aug

FL1508182389 Port-au-Prince Radio Nationale in Creole 1300 GMT 14 Aug 89

[Text] An important Caribbean Common Market, Caricom, delegation is to arrive in Haiti tomorrow, 15 August, for an official visit. The delegation will be made up of Bahamian Foreign Minister Charles Carter, Jamaican Foreign Minister David Core, St Lucian Foreign Minister Neville Cenac, and Trinidad and Tobago Foreign Minister Sahadeo Basdeo.

The Caricom delegation will meet with different Haitian Government officials and representatives of diverse civilian society sectors.

The delegation's visit falls within the framework of the efforts being made by the Haitian Government and Caricom to give new impetus to the process of rapprochement between Caricom and the Haitian Government, and to intensify cooperative ties.

Dominican Authorities Frustrate Hispaniola Rally

FL1508181189 Port-au-Prince Radio Metropole in French 1600 GMT 14 Aug 89

[Report by special correspondent Clarens Renois]

[Excerpts] [Passage omitted] While several hundred Dominican nationals crossed the Haitian-Dominican border into Haiti to attend the patron saint's day festivities in Ouanaminthe, participants in the 1989 version of the first international Hispaniola rally were having to face reluctance on the part of the Dominican authorities, and were then refused permission to cross the border for the second stage of the rally. [passage omitted] The Dominicans conducted meticulous searches of all vehicles and demanded payment in U.S. currency from raliy participants, despite the fact that their passports had been (?stamped) in Port-au-Prince by the Dominican Embassy. [passage omitted]

Certain people do not hesitate to speak of a pure and simple boycott on the part of the Dominicans. In any case, that is the opinion of Jean Paul Lafitte, president of the Union of Overseas Frenchmen [Union des Francais de l'Etranger], who had encouraged his compatriots to participate in this rally.

[Begin Lafitte recording] All the official documents enabling us to cross the border without problems were in order: all the participants were on a Haitian Interior Ministry list, and all license plate numbers of vehicles and passport numbers were recorded. Unfortunately, we had a (?run-in) with the Dominican consul in Ouanaminthe, who asked all the participants [words indistinct] to (?obtain) tourist cards or, for other nationalities, a visa, to cross the border even though the visas had been obtained and paid for well in advance. And (?he wanted us to) pay for these visas not in pesos or Haitian gourdes but in U.S. dollars.

For example, I am French and therefore need a tourist card to enter the Dominican Republic. This card costs $5. [passage omitted] I myself was asked to pay $12 for this tourist card, which is supposed to cost only $5. For the Haitians, they were given visas which cost $19 for (?one person) and $29 (?for another), again, in U.S. currency. Thus, this is a first-class swindle. [end recording] [passage omitted]

Listen to what Jean Desrouleaux [of the National Tourist Office, ONT] had to say:

[Begin Desrouleaux recording] The difficulties caused by the Dominicans at the border were enormous. In fact, we of the ONT were very badly received. I can tell you personally that the higher Haitian authorities did everything they could to make this rally a success. [end recording] [passage omitted]

Clash Reported Between PRI, PRD Followers

PA1608021789 Madrid EFE in Spanish 0055 GMT 16 Aug 89

[Text] Morelia, Michoacan State, 15 Aug—Mexican police report that at least 68 persons were injured during clashes here today between followers of the Party of the Democratic Revolution (PRD) and the Institutional Revolutionary Party (PRI).

The police also disclosed that damage totals 200 million pesos ($78,000) and that the participants mutually accuse each other of starting it.

The source added that three police vehicles, one fire engine, four trucks, and three private cars were damaged.

The police stated that followers of the PRD and the PRI, which has been the ruling party since 1929, are maintaining a "sit-in" outside the Michoacan State Congress Building where the Electoral Council is meeting to rule on the 2 July elections for local assembly seats; both sides are claiming victory.

The clash began when PRD and PRI sympathizers who were outside the Congress began insulting and then attacking each other with bottles, sticks, and stones.

The riot police came in throwing tear gas to disperse the troublemakers, the source noted.

The Army and the police are patrolling Morelia's streets, located in Michoacan State, 311 km west of Mexico City.

Michoacan Attorney General Comments

PA1608033789 Mexico City XHTV Television in Spanish 0227 GMT 16 Aug 89

[Text] Moments ago, we received a message entitled: Official Information of the Government of Michoacan State. It reads as follows:

Michoacan State Attorney General (Ricardo Color Romero) has reported an incident that took place at noon today in downtown Morelia. PRD demonstrators were reported to have attacked PRI supporters, who had gathered across from the state's congress palace with firearms, sticks, pipes, rocks, and knives. They also fired several shots at the main balcony of the government palace and tried to set its main door on fire.

Just a few of the negative results of the incident include 17 injured PRI supporters, 1 injured PRD supporter, and damage to vehicles parked in the area.

The state's chief executive instructed the attorney general to immediately conduct an in-depth investigation of this criminal action, including developments of the past few days, to initiate the appropriate criminal proceedings against those who are found to be responsible.

Meanwhile, Romero said that Michoacan Governor Genovevo Figueroa Samudio, in keeping with Article 122 of the republic's Constitution, requested the assistance of the corresponding federal authorities to immediately end the blocking of highways, occupation of public buildings, and other actions that have been disrupting normal Michoacan society with violence, insecurity, and uneasiness.

The state government urged all political parties, ideological groups, and citizens in general to frame their political actions within the law by behaving prudently and with respect. He expressly asked the demonstrators to leave the area to allow the police to guarantee the order, security, and peace to which Michoacan residents are entitled.

Honduras

Azcona's 'Exclusive Statement' on Summit, Contras

PA1508180489 Tegucigalpa EL HERALDO in Spanish 12 Aug 89 p 3

[Report on "exclusive" interview with President Jose Azcona Hoyo by EL HERALDO editor Julio Cesar Marin in Tegucigalpa—date not given]

[Text] President Jose Azcona Hoyo made an exclusive statement for the readers of EL HERALDO, noting that Honduras would not be able to resolve the situation if the Nicaraguan "contras" refuse to surrender their weapons or decide to continue their struggle within Nicaragua.

This has become a topic for heated national debate and has appeared on the editorial pages of the country's newspapers and in radio commentary programs, because by allowing the contras' decision to be voluntary it touches the sensitive issue of Honduran sovereignty.

Several sectors in the country have expressed doubts that an armed rebel force stationed in the country—such as the contras—will voluntarily surrender its weapons and demobilize. These sectors also question whether Honduras has to subject itself to the contras' willingness to take these actions. The question being asked is: Where does our sovereignty come into play then?

Several contra group leaders have stated to domestic and foreign reporters that they are not going to put down their weapons because they are afraid the Sandinist government will not keep the agreements recently signed by the Central American presidents in Tela, Honduras.

President Azcona commented on the fear that Hondurans have shown concerning the possibility that contra groups will stay in Honduras and become criminal gangs. He firmly said: "We are going to be totally clear. The 'contras' will be set straight if their rifles point toward Honduras or its citizens."

The president, using the same firm tone, stated: "That (the formation of 'contra' criminal bands in Honduras) is not a problem. It could be a problem, but we will not allow it to become one. We will not allow it. Now, if the contras leave Honduras and go into Nicaragua, it is no longer our concern; it becomes the concern of the Sandinist government."

Azcona continued: "The contras are going to surrender their weapons to the CIAV (International Support and Verification Commission) and not to the Sandinist government. However, this would no longer be our problem, and we could not resolve the situation if the contras do not surrender their weapons and prefer to continue fighting within Nicaragua."

The president said that Honduras will cooperate in the "contra" demobilization process, and then added: "The documents signed are very clear. The Sandinist government and the CIAV are to hold talks with the counterrevolution."

According to President Azcona, the CIAV will supervise the rebel camps and ensure that persons who decide to demobilize are given full guarantees because "it is not a matter of getting to Nicaragua and being arrested. This was not the agreement. The persons who agree to demobilize must be given full guarantees."

Another criticism of the Tela agreements has been the handling of negotiations with the Sandinists to get them to drop their charges against Honduras in the International Court of Justice. Commentaries have it that it is not a firm agreement and that the negotiations should have been for the Sandinists to withdraw charges as soon as the decision to demobilize the "contras" was made by all the Central American presidents.

President Azcona asserted that all Honduras has to do is to comply with the agreements. He said: "The withdrawal [of the Sandinist charges] will come when we comply with the agreement. How are we going to do this? Well, by not allowing military aid to get to the contras."

The other measures we are to keep, said the president, include giving full facilities to the CIAV members if they want to enter the "contra" camps, and doing likewise "if Nicaragua sends a commission. For example, if Cardinal Miguel Obando y Bravo wants to visit the contra camps, we are to give him all the faciliites to do so. If we comply with our commitments, the charges are going to be dropped."

Commenting on the social and political cost of having allowed the contras into Honduras, the president noted: "There are some who say that it has been nonproductive and negative for us. I believe it has been negative, but not to the degree that others believe it to be."

He asserted that in reality Honduras had been a victim of a situation created by Nicaragua. He said: "Contras exist for reasons that were not caused by Honduras. There are no Honduran refugees in other countries. Something happens in other nations that makes people leave. It may be war, or it may be another reason."

The president said he believed that the most important achievement of the Central American presidential summit at Tela had been "that the possibility for a Marxist-Leninist totalitarian state to exist in Nicaragua started to erode."

He also stated that it was important because "El Salvador had the right to live in peace after so many years of war. Salvadorans have lived through many elections

under gunfire. However, President Alfredo Cristiani was elected by the Salvadorans, and he is their legitimate president. Thus, we have to support him."

According to Azcona Hoyo, the support to be given to Cristiani is to help him establish a dialogue with the Farabundo Marti National Libertion Front rebels so that they "may put down their weapons and enter the political struggle."

The president said: "Honduras will also profit if there is a dialogue, because the Salvadoran domestic situation would improve and it would be easier to repatriate the thousands of Salvadoran refugees who presently live in our territory."

In summary, Azcona believes that "if the agreements are kept we are all going to profit. The Nicaraguan opposition will profit because in one way or another the situation will allow political opportunities in Nicaragua and the possibility for a Marxist-Leninist totalitarian state to exist in Nicaragua has started to erode."

Refugee Coordinator on Contra Demobilization

PA1508203789 Tegucigalpa Cadena Audio Video in Spanish 1200 GMT 15 Aug 89

[Interview with Colonel Abraham Garcia Turcios, coordinator of the National Refugee Commission, by Miriam Mercado; date and place not given—recorded]

[Text] [Mercado] Colonel Abraham Garcia Turcios, could you as coordinator of the National Refugee Commission inform or explain to us if—based on the resolutions signed by the five Central American countries in Tela, in which they agreed to the demobilization of the Nicaraguan contras—the contras and their relatives will qualify as refugees if they decide not to demobilize and rather to stay in Honduras?

[Garcia Turcios] I would like to point out in this regard that there exists a UN legal mechanism which operates through the UN High Commission for Refugees. According to it, anyone who lays down his weapons and abides by the provisions of the laws on the subject—that is, the law of 1951 regulating their status—does qualify. Therefore, I feel that they indeed qualify as refugees after they lay down their weapons. I also wish to state that Honduras has no interest in their staying here. Furthermore, if they qualify as such, it is my personal opinion—a very personal opinion indeed—that they should be relocated in a special area of the refugee camps.

They are fighters and they will be laying down their weapons because of a specific situation, but they will not stop thinking as fighters. So, if we allow them to stay freely in Honduras, our situation will become even more chaotic. They will form armed bands, and we will find ourselves in an extremely regrettable situation. Therefore, I suggest that the contras and their relatives—or rather, the contras—must be in an area distant from the current refugee camps, where the international community will probably be able to give them the assistance they need.

[Mercado] Colonel, does this mean that if the contras decide to stay as refugees they will not move about freely in Honduras but will be in camps like all other refugees?

[Garcia Turcios] I think this is a very special situation and that is the way it should be. In other words, we must have some sort of control over them. These people cannot be allowed to roam around our country and become what I said.

Nicaragua

Ortega Announces Release of Detainees

PA1508234789 Managua Domestic Service in Spanish 2125 GMT 15 Aug 89

[Speech by President Daniel Ortega in Pantasma, Jinotega Department, on 15 August—recorded]

[Text] Pantasma was practically destroyed during a counterrevolutionary attack in 1983. A total of 48 brothers died, many houses were destroyed, the health center was destroyed, the school was destroyed, the town was destroyed. Later on, in 1985, a meeting was held in this same place. I remember how part of the population demanded punishment for the counterrevolutionaries who had been detained, and another part of the population requested that we pardon the counterrevolutionaries who had been detained.

I remember how a mother said that she had sons who were defending the revolution and she had other sons who were fighting with the counterrevolution. That is why I can assert that Pantasma is the symbol of the Nicaraguan people's suffering. After all, brothers have been pitted against brothers, as Ruben Dario said in his poem, The Wolf's Motives.

Why should brothers be pitted against brothers? The Yankees are to blame, because the revolution did not bring the war. The revolution brought land for the peasants. The revolution brought cooperatives for the peasants. The revolution brought tractors for the peasants. The revolution brought fertilizers for the peasants. The revolution brought plows for the peasants. The revolution brought bank financing for the peasants. The revolution brought schools for the peasants' children. The revolution brought health centers for the peasants. The revolution brought culture for the peasants. The revolution brought roads for the peasants, so that the peasants could bring out their produce.

The revolution has brought all the good things for the peasants, but the Yankees, who have no concern for the peasants and other humble and hardworking people,

brought war. They organized a mercenary army to confront armed brothers in a war; the Yankees have sent our youth to face death in Nicaragua. The Yankees have started and financed a war to have Nicaraguans kill each other. U.S. citizens and youths are not involved in this war; the Yankees have not dared to deploy their soldiers to fight the Nicaraguan people. Instead, they calmly organized a mercenary army. That mercenary army, through pressure and terrorism, and by taking advantage of mistakes made by government officials, have recruited peasants in Jinotega, Matagalpa, Segovia, Chontales, Boaco. They have recruited peasants in various parts of Nicaragua while promising that they would achieve a quick victory over the revolution, that they would destroy the revolution.

As a result, many peasants involved themselves in counterrevolutionary activities. However, a majority of the Nicaraguan peasants and laborers, a majority of the Nicaraguan (?people) organized to defend peace and the revolution. They organized Battalions for Unconventional Warfare or BLI, territorial companies, militias, and others. Even the cooperatives participated in defense tasks. Pantasma also organized to defend the country. The revolution's defense has been based on the Nicaraguan people. Thanks to the heroism and strength of the Nicaraguan people— who, despite facing hunger, difficulties, and limitations, have fought with courage to defend the country over all these years—we managed to defeat the Yankee policy.

We also managed to defeat the mercenary forces, who as you might recall, were repeating year after year: This year we will be in Managua. They have been saying this since 1981 when they started to get organized; the contras and Reagan repeated it in 1982: This year we will be in Managua. This year we will be in Managua, they said in 1983; this year we will be in Managua, they said in 1984. This was repeated in 1985, 1986, 1987, and 1988, until January 1989 arrived and Reagan had to leave and the counterrevolutionaries never got to Managua.

The counterrevolutionaries came to Pantasma, but they could not stay in Pantasma because the people, the Army, and the armed peasants forced them to retreat.

The contras have never occupied a single town in our country. They have raided towns as they did here in Pantasma, but they have had to flee [2-second break in reception] just as the foxes flee when they attack a henhouse to eat the eggs and the hens; when the farmers start shooting, the foxes flee. It was the same with the contras.

Much less could they take over Managua. What have the contras occupied? They have taken over a large part of Honduran territory. That is where the contras are. They are in Honduras. [Words indistinct] the camps where [3-second break in reception]. What strength can the contras have? On numerous occasions I have visited this area; I have come to Pantasma, I have been in Wiwili. Where is the contras' strength? Why do they not ambush me when we are on the road? They could do it if they had the guts to do it, if they had what you know they lack. It is something that you have, that the people and the revolution have! [applause, shouts]

In fact, the winners of this war have been the Nicaraguan people. The people, who are the enemies of war; peasants, who are enemies of war, the [5-second break in reception] are enemies of war and want peace to work in peace. The contras and Reagan's policy have failed, have been defeated thanks to the heroism of the people's fighters.

Recently, this month, we signed two momentous agreements favoring peace for the Nicaraguan people. We signed one of those agreements with all of the 22 parties. I signed it with 22 parties. I signed another agreement in Honduras, with the Honduran, Guatemalan, Costa Rican, and Salvadoran presidents. In that agreement, we clearly stated that the contras must leave Honduras, that the contras who are currently in Honduras must leave that country. Where will the contras go from Honduras? Where will those who are currently in Nicaragua go?

We are not interested in revenge. Most of them have also been victims of Yankee policy. What have they achieved from running from one place to another? They have stopped producing. They have abandoned their families. Some have had to take their families to the camps in Honduras where they have had a hard time. They have gone to another country to be beggars, to be humiliated [words indistinct] in Honduras. We are not interested in avenging ourselves of anyone; not those who are in Honduras, nor those who are currently in the Nicaraguan mountains moving from one place to another [word indistinct] because they attack, and when they are [word indistinct] they start running.

When the contras confront peasants who are members of the Permanent Territorial Companies they start to run. They will not gain anything, because Nicaraguans continue to die, and because the contras are Nicaraguans who are defending a position that a Nicaraguan citizen has no reason to defend. The contras are doing the work the Yankees should do. If the Yankees want to fight against Nicaragua, let them send their soldiers. Do not sent Nicaraguans to fight other Nicarnguans.

For that reason, in the agreement we signed in Honduras, the Central American presidents decided to get the contra movement out of Honduras. We established a maximum period of 120 days to accomplish that. We are already working toward fulfillmen' of that agreement.

We are organizing peace commissions throughout the country. It is very important that the entire world listens to what we are now saying now, because the peace

commissions will make the first on-site contacts with the contras leading to their surrendering their weapons and their incorporation into peaceful coexistence.

Through the United Nations and the OAS, we will organize a commission that will be in charge of getting the contra movement out of Honduras. That commission will bring to Nicaragua those contras who wish to come to Nicaragua, because their coming to Nicaragua is indeed voluntary [porque eso si es voluntario]. Those who want to come to Nicaragua should do it voluntarily and not by force.

Those contras who want to stay in Honduras will also do it voluntarily, although they are not wanted in Honduras. Those who want to go to other countries will also do that voluntarily. Those who want to go to the United States depend on the Yankee government. Just as the Yankee government sent them to die, it should now be willing to grant asylum to all those contras who want to go to the United States. We have already gotten in touch with UN and OAS secretaries general asking them to form the aforementioned commission. Yesterday, I talked with Nicaraguan Cardinal Miguel Obando y Bravo. I met with him to talk about the peace process. Everytime I meet with Cardinal Obando y Bravo, we first talk about our place of origin. We are both Nicaraguans and were were both born in a small town in Chontales Department called La Libertad. Both Cardinal Obando Y Bravo and myself were born there. That is a nice coincidence. We talked about the damage Hurricane Joan caused to that small town. The hurricane destroyed many roofs. Cardinal Obando y Bravo told me that many of those roofs have not yet been repaired. I told him we will repair what the hurricane destroyed in La Libertad.

We also talked about the economic situation that not only Nicaragua, but all of Latin America is experiencing. We are experiencing a very difficult economic situation. I delivered to him the document we signed with the political parties and I also delivered to him the document I signed with the other Central American presidents.

I told Cardinal Obando y Bravo, who has always been so interested in peace in Nicaragua and who has always favored amnesty and the release of all prisoners, that the National Union of Farmers and Cattlemen [UNAG], had sent me a request to make a list of all those peasants who are in jail for being directly or indirectly linked with counterrevolutionary activities.

I told UNAG President Daniel Nunez and the other UNAG directorate members that it was all right, that they could prepare the list. They have been contacting all the prisons [4-second break in reception] identify the peasants who have been detained in connection with counterrevolutionary activities—either directly or indirectly.

I told Cardinal Obando that I was willing to release the peasants that the UNAG had demanded, and that today, here in Pantasma, as proof of this, we would release the first group—a small group—of peasants while the UNAG finishes its list—a list which currently includes 800 peasants. Comrade Daniel Nunez and the other UNAG members said that the list will probably surpass [rephrases] will probably include more than 1,200 peasants.

I also told Cardinal Obando that the Nicaraguan Government would consider very positive the church's participation in the process to reintegrate the contras who are inside the country and those who are in Honduras into the country's society. I said that the church could play an important verification role in this issue, coordinating the efforts exerted by the UN and the OAS—which have the heaviest work, the overall work—for the implementation of this plan.

The cardinal said he would analyze the proposal with the other Nicaraguan bishops. They have a meeting scheduled for the end of this month and they will discuss the issue during the meeting. We agreed to immediately start working—meaning the government and church commissions—to prepare a draft on the role that the church will play in this demobilization process as guarantor, to verify that the peasants who accept the peace plan turn in their weapons and pick up the plow are fully secure, that nothing happens to them, that their rights are respected, and that no violation is perpetrated against those peasants.

Thus, I talked with Cardinal Obando y Bravo about all these topics for over 2 hours. I feel that both the Nicaraguan Catholic Church—meaning the priests, clergymen, bishops, and Cardinal Obando y Bravo—and the government are now more willing, and the conditions are present, to work for peace. It will be a joint [word indistinct] because our obligation is to work for peace—us, because we are the government, and the Church because it is the religious [word indistinct] of our people.

Likewise, the Evangelicals, the Evangelical pastors play a role in this, because a considerable part of our population belongs to the Evangelical Church. Therefore, the Catholic Church, the Evangelical Church, and so many other people who have good faith must participate in this process of pacification.

Today, we are sending a request to the International Court of Justice [ICJ] at The Hague so it will delay implementation of actions that are pending. This is concerning a suit we have against Honduras at the ICJ.

We are discussing with the National Assembly several laws that have to do with the electoral process. I can state that the government of Nicaragua is complying with its share. It is complying with what I signed with the

political parties; it is complying with what I signed with the Central American presidents. However, some are not complying, some do not want to comply.

The Yankee government still refuses to accept the Central American presidents' agreeement. I hope the Yankees will accept, once and for all, the Central American presidents' agreement. Some contra leaders who have always lived in Miami, in the United States, do not agree that the contras should be demobilized. They do not agree that the contras should be demobilized, or that those who are in Honduras should leave that country, so then those guerrillas can enter Nicaraguan territory.

The owners of a newspaper that we all know as LA PRENSA do not agree either. Some political leaders, and particularly the members of COSEP [Higher Council of Private Enterprise], also do not agree. Those rich people, the COSEP members, disagree that the contras should leave Honduras. These people, the Yankees and those who are in Miami—Calero, Bermudez, Franklin, all of these people who have asked for asylum in the United States and who are now going to spend a month in Europe—as well as those from LA PRENSA who are living here very calmly, who eat well, and who have no major problems, none of them have ever visited this region. They will not risk their hides. The rich ones from COSEP are not risking their hides either. All of them disagree and do not want implementation of the peace plan.

Thus, they disagree with an amnesty for all those who are in prison. They disagree with that amnesty because when we signed that agreement with the 21 Nicaraguan political parties on 4 August in Managua, we clearly stated in one of the agreement's points that amnesty for the total release of prisoners directly or indirectly linked to counterrevolutionary activities would not take place until the contras demobilize in Honduras and in Nicaragua. In other words, when the contras demobilize and after that demobilization is verified, we will proceed to release the prisoners. The COSEP people are calm. [Nicaraguan Resistance (RN) leader Adolfo] Calero, [RN leader Enrique] Bermudez, and [RN member] Galeano, who is known as Franklin, are calm. The newspaper LA PRENSA people are calm. The COSEP people are calm, because none of them are in jail. [During break in reception announcer says that this is a recorded transmission of President Ortega's speech.]

[Words indistinct] mountains, [word indistinct], hungry, and cold and all this while being targets at all times. The contras in Honduras are also facing difficulties in those camps, because no one will come here to tell me those camps are paradise. However, those people [the COSEP] are calm. They say they disagree with the immediate demobilization of the contra movement. They could not care less about the death of more Nicaraguans. Nicaraguans will continue to die for as long as the counterrevolution continues to exist. Both Nicaraguans who defend the revolution and Nicaraguans who attack the counterrevolution will die. [sentence as heard]

The worst part of all this is that children will also continue to die. Women and old people will continue to die, because contras attack everybody; you know that very well.

We have no other choice but to tell those gentlemen [the COSEP people] who are saying those things—because they do say those things in their newspapers, in public statements on the radio, and to international news agencies—to act seriously and responsibly. We must tell them to respect the Nicaraguan people. However, we must also tell them: If you want war, then take up your rifles and go to the mountains. Let Calero and Bermudez go to the mountains. Let the people from LA PRENSA take up rifles and go to the mountains. Let the people from COSEP, who claim to be so brave and courageous, take up rifles and go to the mountains. Then, they will have the authority to say the contra movement should not be demobilized until after February 1990.

However, as long as they are there so comfortably saying that the contra movement should not be demobilized, they will in fact be committing a crime. They are committing a crime. They should think that of the Nicaraguan people as the great judges of all our actions. The Nicaraguan people are now—when we are on the threshold of total peace—judging the attitude that the country's political leaders adopt. The Nicaraguan people are judging the attitude adopted by those who say they identify with the people. The Nicaraguan people are judging the attitude the Yankees adopt and the attitude that the contra leaders adopt.

I am sure that the Nicaraguan people are condemning those who want more war and those who want the war to continue while the government has been making great efforts to attain peace in Nicaragua. We have made many trips and we have dedicated hundreds of hours to discussing ways to attain peace in Nicaragua.

Recently I met for 23 hours nonstop to reach an agreement with the political parties. We finally attained the agreement when the meeting had lasted almost 24 hours. I have held discussions for many hours with the Central American presidents to reach a peace agreement. The Nicaraguan Government has made great efforts to attain peace. The Sandinist National Liberation Front has sacrificed and [word indistinct] a great deal to attain peace. The Nicaraguan peasants, workers, women, men, old people, Indians, blacks, mestizos, whites, and all Nicaraguans have done everything to attain peace. Thus, we will not accept the attempts now being made by people like the Yankees, Bermudez, Calero, Medrano, people from LA PRENSA newspaper, and from COSEP for peace not to become a reality. We will not allow them to stop us from attaining peace and we will not allow them to bring war to Nicaragua again. They were not able to attain this even when they had Reagan's backing and support. They were not able to attain their goal because all Nicaraguans resisted these attempts.

The peace agreement was attained because the Nicaraguans were able to defeat the Yankees' aggression. If this had not been the case, the Central American governments would never have signed a peace agreement with the Nicaraguan Government. The peace agreement was signed because the Central American governments were convinced that the contras had no future, because they were convinced that the Yankee policies had no future, and because they were convinced that the Nicaraguan revolution could not be defeated. Thus, the peace agreement was signed by the Central American presidents on 7 August 1989.

The true authors, heroes, liberators, champions, and lions of this story are the Nicaraguans: the peasants, the workers, the people. [applause] These are the lions that won the fight against the Yankee aggressor and their cronies and these are the lions that are also going to win the fight in the 25 February 1990 elections. At this time, Nicaraguan brothers, we must continue to join efforts to end the situation that is still present in Honduras. We have to disband the contras that are in Honduras and those that are in Nicaraguan territory. We have to disband them without lowering our guard.

Today I want to tell those Nicaraguans who have been involved in counterrevolutionary activities that I spent 7 years in the [words indistinct] jail during Somoza's regime. I recall that I used to talk to the guards, even though they were not allowed to talk to us. I talked to them and someone talked to me. Who were those guards? They were peasants; they were poor and simple people who had to become guards out of necessity. They would not have become guards if they would have had opportunities, if they would have studied an agricultural or technical career. However, these opportunities did not exist in the past.

Only rich people had the opportunities. I remember some National Guard members who were natives of this area, or Ocotal, or Somoto. There were even Miskitos from the Atlantic Coast. They said that the rich had taken away their land and had left them with nothing. They had been compelled to work as farm hands, and later, when they could not get a job, they joined the National Guard. In other words, the National Guard members were humble, easy-going men who became the victims of the oppressive system that prevailed at the time; and they became criminals and assassins. They never became rich. Mention one guard who became rich. The colonels and officers were the rich ones; the guards were not rich—but they became involved in crimes against the people.

The revolution was generous with the guards. The revolution triumphed and none of the things that happened in other revolutions happened here. When the French Revolution triumphed 200 years ago, all those who lost were beheaded; their heads were completely chopped off with a big blade called the guillotine—which would fall and the heads would roll away. There were other revolutions, for instance, the Mexican Revolution and the Cuban Revolution—they had to resort to the firing squads. We did not use the guillotine or the firing squad. That is why we recently released, we recently released [repeats himself] 1,897 National Guard members—after being in prison for approximately 10 years.

Why could they be released? Because they were there, alive and well, because the revolution let them live. Ah, if the FSLN had told the people: There are the members of the National Guard! Do what you want with them! You can rest assured that not a single member of the National Guard would be alive in Nicaragua. However, the FSLN strived to convince the people that it would be pointless to kill members of the National Guard. Instead, they should be tried and sent to prison. That is why we recently released members of the National Guard.

Only 39 guardsmen are left in prison; these are the big fish, the officers. At present, there is a total of 5,328 common criminals, which include thieves and murderers, in our jails. There are 5,328 common criminals. In our jails there are 235 former soldiers who were members of the Interior Ministry. In other words, comrades who were members of the Sandinist People's Army who have committed crimes and who have been punished for them. There are 39 former Somozist guards in our jails, who I mentioned before, the 39 were were left in jail. There are 1,515 Nicaraguans who are directly or indirectly linked with counterrevolutionary activities. The Nicaraguan prison population totals 7,117 prisoners.

I repeat, 1,515 of these are contras, meaning people who have been directly or indirectly linked with counterrevolutionary activities. The UNAG already has a list of 800 peasants from this [group of 1,515 contras] and it thinks the list can go up to 1,200 peasants.

I want to tell Comrade Daniel Nunez, president of UNAG, that if, on 2 September—Farmers' Day—he wants that list, we will give him an affirmative answer. [applause]

In all sincerity, I want to tell you that brothers can fight, but they can also reconcile with each other. After all, Cain and Abel were brothers, and even though Cain ended up killing Abel, they were still brothers. As brothers, I urge all farmers who have been involved in counterrevolutionary activities, as well as former Somozist guards who never became rich, who were just enlisted men, to avail themselves of this new opportunity they have for contributing to peace in Nicaragua, for sparing the Nicaraguans from more suffering, and for sparing themselves and their families from more suffering. For each contra that dies, there is a family that mourns him; for each contra that is imprisoned, there is a family that suffers, because that contra is in prison.

This is the great opportunity for all of us—who are the vast majority—to shake hands as brethren. Those who are here in Nicaraguan territory have the opportunity to go to the peace commissions and lay down their weapons. They can then begin working, producing, and harvesting beans and corn, which is what the Nicaraguan people need. They will have all the support, the understanding, and the pardon of the Nicaraguan people.

I am sure that the Nicaraguan mothers, who are the ones who have suffered the most in this war, will know how to pardon. I am sure that the war cripples—those who have lost a limb or their eyesight—will know how to pardon. The Nicaraguan mothers, the war cripples, all Nicaraguans have a heart, and we know how to pardon.

However, he who does not accept the hand we are offering him better prepare himself. Later, there will be no truce as there is now. It is preferable in this manner, before we end this confrontation and this war by wiping out the mercenary forces. Those who would dare to stay among the Nicaraguans would end up wiped out by the Nicaraguans. Those who do not want to accept the demobilization, those who would dare to stay among the Hondurans in Honduran territory would also end up wiped out. It is preferable to put an end to this, once and for all, in a less bloody manner. This is the message I bring today to all the farmers of Nicaragua.

This is the message I bring today to all the Nicaraguan people. We must act with energy, firmness, and courage, as brothers, so that peasants involved in contra activities—collaborating as couriers or clutching a rifle—can have the courage to rectify and now dedicate themselves to production, so that they can have the courage to accept a friendly hand that the Nicaraguan Government, people, and the Sandinist National Liberation Front are extending to them.

Today, once again, [words indistinct] implacable in war, but generous in victory. Victory is ours, because we have defeated the Yankee aggression; victory is ours because we have signed an agreement with the Central American presidents to remove the contras from Honduras; victory is ours because war will end completely, as the Nicaraguan Government and people have already decided. We have all won this battle, and we are all going to persevere until we achieve total and definitive peace to dedicate all our efforts to the country's production. We want to produce food, which is what the Nicaraguan people need most, what Nicaraguan peasants can best produce, and of which the peasants of Pantasma are the vanguard! [applause]

Comrade representative of Pantasma, comrade Reinaldo, asked me several questions. He asked me if it was possible for mothers of peasants linked to the contras to contact them right here in Nicaragua or in Honduras to convince them that they should return to Nicaragua. I can say yes. I see no problem in this. We will work together on this.

He also mentioned some problems concerning coffee and cattle production. My reply to all Nicaraguan coffee and cattle producers is that we will not let production fall, even though coffee prices have dropped. We will find solutions for problems you have presented in a positive way.

I can tell you right now that here in Pantasma we will invest $7 million in housing, schools, health centers, and production, so that you can produce more and better products under better conditions. This is linked to a UN project financed by the Italian Government.

I also received a letter from Comrade Clelia Bustamante. Clelia or Celia? Clelia Bustamante. The note says: I live in Jinotega and I would like to mention the following problem: We are 30 families that are being dislodged from our homes where we have lived for 15 years. In 1987 a judge ruled in our favor; however, following his announcement suspending our eviction, the owner of the houses got together with the Jinotega civil judge and we were given 30 days to leave.

On that same day, you made the announcement. However, it is not valid because it was not published in the official gazette. Despite your announcement, the number of evictions all over the country has increased.

What the comrade has said is true, so I want to tell all comrades they do not have to leave the houses they live in. The bill banning evictions is in the hands of the National Assembly. We hope the assembly discusses the bill and approves it as soon as possible. I do not think anyone will oppose this law, because anyone who supports evicting a Nicaraguan from his place of residence is inhuman. Some families have been living 15, 20, 10, 5, or 3 years in a house, and it is not fair for the landlord to evict them. We ask landlords to act with caution and with a sense of fairness. We ask them not to abuse their Nicaraguan brothers. Otherwise, they will force us to adopt harsher measures, which we have been reluctant to take. There is no reason for them to evict anyone. That should be made clear, because we have heard complaints of this nature in Managua, diverse points of the country, and now here in Jinotega.

To concluce, here is the list of peasants who directly or indirectly were involved in contra activities. Some of them were forced to do it or were unjustly arrested. We cannot tell. The fact remains, however, that they were arrested and served 1, 2, or even 3 years in jail. Please, step this way, as I give their names. We are going to release them, as a first sign of goodwill leading to total peace in our country. Candido Pineda Castro, from El Bosque, Bocay. Step this way all those whose names I mention. Step up the dais. Jesus Arauz Gonzalez, from La Llana, Pantasma; Jesus Montoya Melgar, from San Jose de las Canas; Venancio Vazquez Montenegro, from La Pavona, Jinotega; Carmen Castisblanco Canradero, from Wiwili; Tomas Aquino Montoya Melgar, from El Chile, Plandegran; Jose Francisco Simeon Gonzalez,

Cano de la Cruz, Wiwili; Sabino Herrera Manzares, from Abizinia, Jinotega; Rigoberto Gonzalez Pay, from La Sotana, Jinotega; Porfirio Anibal Flores Chavarria, from El Golfo, Jinotega; German Vallan Ruiz, from Pantasma; Carlos Villa Gonzalez Castro, from Planesdevigan, Pantasma; Carlos Cespedes Duarte, from Waslek, Pantasma; Angel Maria Duarte Torres, from El Tigre, Pantasma; Julio Arturo Perez Peralta, from El Triunfo, Wiwili; Bernardino Sevilla Polanco, from Las Canas, Wiwili; Alejandro Gonzalez Calderon, Cano la Cruz, Wiwili; Sixto Mairena Gonzalez, from Aguitones, Jinotega; Denis Raul Irian Centeno, from Regadillo, Yali; Rufo Velazquez Aguilar, Guayacali, Yali; Jose Noel Bilquin, from Condega, Yali; Celso Antonio Mairena Garcia, Saklin, Jinotega; Jose Delis Herrero Gariano, from Riconada; Luis Flores Herrera, from Mesa Monteplin; Jose Manuel Lanza Hernandez, from Caisigua, Wiwili; Antonio Jesus Giron Aguirre, from El Amparo, Yali; and Mariano Jesus Giron Auguire, from San Antonio, Yali.

Is anyone missing? I mentioned all their names. [Words indistinct from unidentified person] Let's see, whose name I did not mention. I mean those here now. [Words indistinct from unidentified person] Well, that name will be sent to UNAG, so it can be included on the other list. So, we are handing over these 29 [figure as heard] peasants to UNAG President Daniel Nunez in the presence of military authorities, Military Region Chief Colonel Manuel Salvatierra, Pantasma parish priest Reverend Victor Mendoza, Interior Ministry officials, and government delegate Carlos Zamora. We are giving them all guarantees. We ask all comrades and Nicaraguan brothers from their places of origin and where they will return to, to respect these people and treat them with consideration, because they do not feel like counterrevolutionaries.

Indians in Honduras Demand Guarantees To Return
PA1508191489 Panama City ACAN in Spanish 1600 GMT 15 Aug 89

[Text] Tegucigalpa, 15 Aug (ACAN-EFE)—A total of 30,000 Nicaraguan Indians in refuge in Honduras have said they are prepared to return to Nicaragua if the Sandinist regime guarantees that it will respect their lifestyle and lift the restrictions it has imposed on their tribes.

The announcement was made today in Tegucigalpa by Indian leaders Marcelo Melado and Chale Morales, who hope that the agreements reached by the Central American presidents in Honduras on 7 August "will yield positive results."

They said that the repatriation will be carried out before the arrival at the Honduran-Nicaraguan border of the International Support and Verification Commission provided for in the agreements of the fifth Central American summit.

In Gracias a Dios Department, better known as the Mosquitia area, in eastern Honduras bordering Nicaragua, there are thousands of Nicaraguan Creoles and Misquito, Sumu, and Rama Indians either in refugee camps or eking out a life on their own.

The Indians have an armed force of about 4,000 in three groups called Kizan, Yatama, and Misura, which have been very active on Nicaragua's Atlantic coast.

Kisan is linked to the Nicaraguan Democratic Force (FDN), which is the leading fighting group of the so-called Nicaraguan Resistance (RN). Yatama and Misura have been fighting on their own.

Kisan leader Marcelo Melado confirmed that "following the agreements in Tela, the Indian population in exile in Honduras has regained its confidence." However, he also asked that some restrictions on the Indians be lifted but did not elaborate.

He added that the forces under his command and the Council of Elders of the various Indian peoples "respect" the agreements signed during the last Central American summit. "We want them fulfilled in order for peace to return to Nicaragua and so the presidents' efforts will not be wasted," he added.

Chale Morales, a former member of Kisan who now leads forces from Yatama and Misura, said: "We have faith in a negotiated peace. We have taken advantage of the process led by the Central American presidents since 1987, when we declared a unilateral cease-fire."

He said that they have 3,000 fighters in Nicaragua who are in fact coexisting with Sandinist soldiers who also respect the cease-fire.

"We are willing to turn in our weapons and our fellow refugees are prepared to return to Nicaragua if the Sandinists give us the necessary land to live according to our ancient traditions," Morales said.

The Nicaraguan Indians began seeking refuge in Honduras in 1982, claiming that the Sandinists wanted to induct them into the Army by force, eliminate their customs, and confine them to predetermined areas.

Contras Killed, Soldier Wounded in Skirmishes
PA1508193589 Managua Radio Sandino in Spanish 1200 GMT 15 Aug 89

[Text] The Defense Ministry has reported that two counterrevolutionaries have been killed and an EPS [Sandinist People's Army] soldier wounded in two attacks by the counterrrevolutionaries.

The Defense Ministry's Public Relations office said that a soldier was wounded during an attack by a contra group against an EPS force on 12 August in (Las Brenas), located in the area of Precillitas, an autonomous region

in the southern Atlantic area. In addition, two contras were killed on 13 August during a contra attack on EPS troops in (Agua Roja), Jinotega.

Panama

U.S. Army Practices 'Maneuvers' at Embassy

PA1608043489 Panama City Televisora Nacional in Spanish 2300 GMT 15 Aug 89

[Text] The actions of intimidation and aggression that the U.S. Army South troops are conducting on Panamanian soil continued today with violations of our airspace in hospital and residential areas when U.S. Marines entered the U.S. Embassy grounds located in an area that is under the strict control and jurisdiction of the Republic of Panama, and at the ambassador's residence in the La Cresta residential area.

The Marines arrived aboard helicopters, and then occupied the embassy during a sudden, unexpected, and unconsulted action, thus violating the Torrijos-Carter treaties. The Marines rappelled from the helicopters and immediately took up combat positions at the embassy.

This new attitude of frightening and provoking is even more dangerous when these maneuvers are carried out inside the capital city in a progressive increase of threats in areas of the capital city where they have no right to carry out such actions.

As we can observe in this film, the U.S. soldiers who today took over the embassy showed that they were tired when they carried out their maneuvers. When some of them were rappelling from the upper floors, they misjudged their fall while others lost their helmets. Some did not even have the safeties of their weapons on. This is a threat to the civilian population, because if the weapons had fallen, they could have discharged.

The Marines were placed at strategic points of the diplomatic site located on Balboa Avenue and 37th and 38th Streets. Yesterday, some Marines caused an automobile accident as a result of physical exhaustion due to the mobilizations to which they are inhumanely subjected day and night by their superiors. What we saw today was another violation in an area that is under the strict control and security of the Republic of Panama.

In another show of force, the civilian and military personnel of the most powerful army of the world were cautiously observed by the Panamanians and the police authorities who were on routine surveillance around the U.S. Embassy.

Southern Command Soldiers Arrested in Colon

PA1508221589 Panama City LA REPUBLICA in Spanish 15 Aug 89 pp 20, 8

[Report by Luis T. Harris]

[Text] Colon—Panama Defense Forces [FDP] soldiers assigned to the 2d Military Zone arrested three U.S. Southern Command soldiers. The 2d Military Zone is in Colon and its commander is Mayor Anibal Maylin.

U.S. Sergeants Ralph Kerley and Russell S. Lawrey and Private David Farris were arrested at 1230 by the military patrol that usually guards the Fort de Lesseps neighborhood in Colon. The FDP soldiers asked the U.S. soldiers why they were in a U.S. military vehicle within Colon's city limits and the soldiers responded in an ill-mannered and disrespectful manner. The FDP units arrested the U.S. soldiers and took them to the "Hunters" [Cazadores] headquarters where procedures were initiated to transfer the arrested soldiers, who were turned over to the FDP military police liaison.

Ritter on Canal Anniversary, U.S. Relations

PA1508201189 Panama City Domestic Service in Spanish 1100 GMT 15 Aug 89

[Statement by Foreign Minister Jorge Eduardo Ritter on the occasion of the 75th anniversary of the opening of the Panama Canal; date and place not given—recorded]

[Text] I believe that the 75 years of the Panama Canal can be summarized by quoting General Torrijos, who said that a masterpiece of engineering has become a source of problems.

The Panama Canal is a vital route for world commerce. It is also an essential element in Panama's economy, and, therefore, Panama must maintain its very special interest in the canal, not only because of the large labor force working there, but also because of the direct economic importance the canal has for the Panamanian people.

We have the obligation to keep that canal functioning efficiently during the 10 years that remain before the treaty goes into full effect and the canal is returned completely to Panama.

Unfortunately, the functioning of the canal, at this moment when we are commemorating its 75th anniversary, is in greater danger than ever. It is in danger because the canal administrator on 1 January 1990 may not be from Panama and because Panama is not attending the Panama Canal Board of Directors meetings. This keeps Panama from receiving information the Panamanians need to be able to administer the Panama Canal alone as of 1 January 2000.

The past 75 years of the Panama Canal have marked our relations with the United States. Current relations with the United States have led to a politicization of the canal by the United States.

The moment the very special condition that dictates our current relationship with the United States ends—and I do not think it will be in the near future because Panama and the canal are of strategic interest to the United States—relations between the two countries that are now partners in canal matters will have to be rebuilt, and the United States, especially, will have to admit that its politicization of canal matters was an error because it delayed the transfer of knowledge and of some installations to the Panamanians.

I believe that we Panamanians have to look ahead at the 10 years that remain before the year 2000 with optimism, knowing that after the year 2000, the canal will be a key element of our economy and that it will be free of the U.S. military presence, with the Panamanians having absolute responsibility for it—a responsibility the rest of the world will acknowledge we have.

In spite of the dark clouds and other negative factors hanging over this commemoration—if you can call it a commemoration—I want to say I am optimistic about Panama's assuming control of this vital route for world commerce.

PRD Canal Anniversary Communique

PA1508203689 Panama City CRITICA in Spanish 15 Aug 89 p 10

[Communique issued by the Democratic Revolutionary Party (PRD) and signed by Carlos Duque Jaen, PRD president, to mark the 75th anniversary of the inauguration of the Panama Canal]

[Text] Seventy-five years ago, on a day like today, the biggest work of engineering built to that date on the American Continent, and surely one of the most extraordinary and marvelous constructions in the history of man, was inaugurated: the Panama interoceanic canal.

The crossing of the steamship "Ancon" turned into a reality the old imperial dream for glory and power to unite the two great oceans of this planet—the Pacific and Atlantic Oceans—by way of a waterway across the Isthmus of Panama. The idea was first conceived by the Spanish crown shortly after 1513 when Vasco Nunez de Balboa discovered the so-called "South Sea," and the French, despite the genial participation of Count Ferdinand de Lesseps, promoter of the Suez Canal, were not able to complete it.

How far the Panamanians of 1914 and the thousands of citizens of other countries who built the canal—some at the cost of their lives—were from realizing that this masterful work, supposedly built to promote world trade and peaceful communications among nations, would soon become a cross to bear for the people who made the dream possible by allowing the dismemberment of its territory and the use of its privileged geographical position by virtue of the U.S. arrogance, selfishness, and insatiable desire for political and military hegemony!

What should have built a just, harmonious, and equal relationship between the two nations that gave the most in the building of the canal has in the past 75 years been economically, commercially, politically, and militarily advantageous for the United States, but has only brought problems, humiliations, and intolerable and uncalled-for insults for Panama.

At a moment when the nation is experiencing one of the most difficult times in its history as a result of the new threat of armed aggression by the U.S. Army, the PRD once again stresses before the Panamanian people and the world that the real reason for the current situation between the United States and Panama is the U.S. Government's attempt to disregard the Torrijos-Carter treaties, which state that as of 1 January 1990 the administration of the waterway should be in the hands of a Panamanian citizen—the Panamanian Legislative Assembly has already appointed Tomas Gabriel Altamirano Duque—and that by the end of the century all U.S. soldiers must be withdrawn from our territory and all U.S. military bases closed or returned to Panama.

We wish to tell the U.S. Government that there is still time for it to reconsider its attitude and act with good sense. Stop your dirty, low-intensity war against Panama and allow the current political situation which you have caused with your meddling in our domestic affairs to be solved peacefully among Panamanians. In this manner we will guarantee a stable and harmonious relationship that will be advantageous for both our nations, and in this way honor the 75 years since the inauguration of the canal, which can continue to be a canal for peace and progress for humankind.

[Signed] Carlos Duque Jaen, PRD president

New Treaty Affairs Office Executive Director

PA1508180189 Panama City Telemetro Television in Spanish 2300 GMT 14 Aug 89

[Text] Panamanian Foreign Minister Jorge Eduardo Ritter and Captain Severino Mejia, new executive director of the Panama Treaty Affairs Executive Directorate [DEPAT], have agreed that since its inauguration 75 years ago, the Panama Canal has not ceased to be a source of controversy. Capt Severino Mejia was formally sworn in as the new DEPAT executive director this afternoon by Foreign Minister Ritter. Capt Mejia is replacing Major Daniel Delgado, who has been appointed commander of the 11th Military Zone in San Miguelito. Foreign Minister Ritter thanked Maj Delgado for a job well done while holding the high-ranking position in defense of the canal treaties. Ritter also denounced the continuous violations of the canal treaties.

Meanwhile, new DEPAT Executive Director Capt Severino Mejia said that the Panamanian Government has not denied the possibility that the United States will attempt to disregard the Torrijos-Carter treaties.

[Begin recording] [Ritter] The treaties are continuously being violated by the United States to the point that many of its provisions have today become dead issues. We are currently experiencing a merciless aggression by the United States, and one of the Panamanian people's greatest achievements is at stake. According to the treaties, a Panamanian citizen must become administrator of the Panama Canal on 1 January 1990. Panama's candidate is now being rejected by the United States, and if the United States does not change its attitude, the canal will not have an administrator after 1 January.

[Mejia] The northern barbarian does not rest. We have seen proof of this in a foreign news agency dispatch that reported on the creation of a private foundation, the Foundation for Freedom, that will try to influence the Bush government to abolish the treaties.

Tomorrow we will commemorate the 75th anniversary of the opening of the Panama Canal. Even though the canal has helped develop world trade, it has also been a source of controversy that has made many people pay, perhaps even with their lives, for their hopes for a free and sovereign country. Many of these people may have also interpreted the construction of this great work as a symbol of U.S. expansionism, which was one of the conditions for our independence. [end recording]

Noriega Attacked for 'Playing' With Sovereignty

PA1508222889 Panama City ACAN in Spanish 2025 GMT 15 Aug 89

[Text] Panama City, 15 Aug (ACAN-EFE)—The Panamanian opposition today accused Panama Defense Forces Chief General Manuel Antonio Noriega of "playing with national sovereignty," and assured that only the unity of the Panamanians, based on democratic principles, can prevent "any foreign plans" against this country.

The Civic Democratic Opposition Alliance (ADOC) today issued a communique on the exercises that U.S. and Panamanian troops have carried out in recent weeks, but did not make any direct reference to the U.S. military maneuvers, while it described the regime's policy as "adventuresome."

The ADOC communique added that "it is extremely dangerous to be playing with national sovereignty, as the military dictatorship is doing, based on some treaties (of the canal) that—according to the inspirer and author of the treaties, General Omar Torrijos—not only placed us under the umbrella of the Pentagon, but could become an instrument of permanent intervention, if they are not handled wisely."

The opposition's communique pointed out that "it is a crime against the fatherland to think that Gen Noriega could be identified with and mistaken for national sovereignty."

"Therefore," the communique added, "we reject the distorted government campaign of labeling as traitors all those—as is the case with the vast majority of the Panamanian people—who reject the dictatorship's ambitions for continuity and demand the democratization of the country."

"A country that is militarily weak such as ours, is obliged to formulate a foreign policy based on ethical and democratic prinicples...As it separates from this path, the military regime promotes an adventuresome policy filled with deceit, slanders, and rancor," the opposition added.

ADOC feels that in the event of foreign intervention, the defense of Panamanian sovereignty should be based on respect for the self-determination of the people which, the communique pointed out, "has been systematically trampled by the military regime."

The Panamanian Government has stated that the constant U.S. military maneuvers in this country, which have led the armies of the two countries to the verge of a confrontation, are the prelude to an "invasion," and have accused the opposition members of being at the service of Washington.

ADOC said in today's communique that it "reiterates before national and international public opinion its authentic and democratic nationalism as well as its permament rejection of any attempt, open or veiled, to disavow the sovereignty of Panama."

Columnist Criticizes U.S. for 'Cowardice' Acts

PA1508210789 Panama City LA REPUBLICA in Spanish 14 Aug 89 p 4

["By the Way" column by Justo Arroyo entitled: "I Don't Give A Shit" (title in English)]

[Text] Those words that translate "I do not give a shit" [me importa una mierda], were said by so-called Colonel Perry in front of the television cameras on 11 August following another violation of the Torrijos-Carter treaties. However, this does not surprise those of us who are quite aware of the U.S. Army's fascist arrogance.

The Panamanians have been hearing that phrase, or some variation of it, for the past century. They show the use and abuse of force and the absolute lack of respect and rampant immorality that characterizes the actions of the United States in their treatment of smaller countries.

They "give a shit" when it involves weak countries with a small population and little resources.

They "give a shit" when their atrocities can go unpunished like in Grenada and Libya.

They "give a shit" when their cowardice has not been tested, like in Vietnam or Cuba.

However, when they have to face an army that is in their own category, then they swallow their insults and resort to treaties, conferences, and conventions. They will resort to dialogue and negotiation or to anything to keep their real color from showing—the color yellow of cowardice and all its shades of fear.

That little colonel [coronelcito] can say dirty words in a peaceful country like Panama where, until now, the daily masturbating [masturbacion] of the invading troops has been tolerated. Yet when they come face to face with combat and the reality of the plastic body bags, they act differently and watch their language.

I do not have the slightest doubt that the U.S. Army's arrogant fascism hides its inherent cowardice [gallineria—referring to the word gallina, chicken]. Reagan's Tarzan-like shouts when he invaded tiny Grenada are similar to the clumsy phrase uttered by the so-called colonel. The two are, no more and no less, the braggings of cowards.

If he should come face to face with the North Korean, Vietnamese, Chinese, Soviet, or Cuban Armies, the little colonel would watch his words. However, over there, like here, when we run out of patience, that little fascist will learn the difference between giving a shit and eating it.

Media Review of Political, Economic Situation

PA1508172489

[Editorial Report] The following is a review of material from Panamanian and regional media related to the current political and economic situation in Panama. This review draws solely on broadcast and press reports monitored by FBIS Panama Bureau. The review covers the period from 7 to 14 August and includes some items that have been processed in fuller form.

Military Developments

A series of exercises and maneuvers, punctuated by several confrontations between Panamanian and U.S. troops, dominated the week of 7 August and overshadowed the continuing political dialogue involving government, opposition, and Panamanian Defense Forces (FDP) representatives.

Government-controlled media gave extensive coverage to the FDP-sponsored "Oust the Intruder" campaign, a 5-day exercise that included land, sea, and air maneuvers in Panama and Chiriqui Provinces, a mock hostage rescue operation at the National Bank, and a recruitment campaign for the paramilitary Dignity Brigades. The campaign culminated in a rally on 11 August in Panama City's Revolution Stadium during which FDP Commander General Manuel Noriega delivered a 14-minute speech carried live by a temporary "network" of Panama City radio stations. Noriega's speech paid homage to the FDP and castigated both the United States and the "gringo lovers" among the opposition who "cavort like a dolphin who has just been given a sardine from his trainer." Noriega rejected an opposition proposal that a plebiscite be held to determine Panama's Government after 1 September, the constitutional deadline for a transfer of power. Instead, Noriega asserted, the Panamanian people should hold a plebiscite to decide whether or not they want to be a "colony." Noriega went on to say that under no circumstances would he serve as FDP commander under a president "representing the oligarchy that is subjugating the Panamanian people."

A flurry of tense face-offs between U.S. and Panamanian forces occurred during the week, beginning with the detainment of several FDP officers and Panamanian civil officials by U.S. troops on maneuver in Arraijan, near Panama City, on 8 August. The Panamanian press agency ACAN described the incident as the most serious between the two countries in the last 2 years while the Panama City daily MATUTINO wrote that the detainment "should be considered an act of war."

On 9 August, Panama City Domestic Service broke into its regular programming with a bulletin announcing that U.S. troops had sealed off the entrance to Fort Amador, a jointly administered area which houses, among other components, Gen Noriega's headquarters. The U.S. action was triggered by the arrest of two American plainclothes military policemen by Panamanian police in an area near FDP headquarters earlier in the day. An FDP spokesman said that the Fort Amador operation and earlier incidents were evidence that "our host-guest relationship has degenerated into open violations and offenses to our hospitality and our peaceful nature." The spokesman added that Panamanians would not "fall into provocations and will not play the arrogant Yankees' game."

In addition to his "Oust the Intruder" rally speech, Gen Noriega expressed his views on the domestic situation in an interview with Havana PRENSA LATINA correspondent Gregorio Selser. Noriega acknowledged the difficulties confronting the Panamanian economy but denied that the situation is any worse now than before the 7 May elections were annulled. A separate assessment of the country under Noriega was offered by ACAN correspondent Andreu Claret, who focused on the FDP commander's relations with other Panamanian military officers. Claret noted that the recent reshuffling of several FDP officers, including the retirement of five senior colonels, tended to strengthen Noriega's hold on the Military Strategic Command (CEM), a "consultative body that has considerable influence over 'political-military' decisions." Claret reported that the promotion

of five CEM officers "has led many commentators, even the regime's adversaries, to dismiss the immediate possibility of a military coup against Noriega."

Military activities also directly affected Panamanian media behavior from 7 to 14 August. On 10 August, the independent radio and television stations of Circuito RPC abruptly went off the air during their main evening newscasts. It was later reported that FDP officials had cut power to the network's main transmission towers and ordered station personnel to leave the premises. RPC broadcasts resumed without further interruption on 11 August. However, late on 14 August, RPC television reported that the government General Directorate of Revenue (DGI) had impounded the assets of RPC's parent corporation and named an administrator to oversee corporate operations. The effect of this move on RPC station programming is not yet clear.

In other media developments, the flagship of government-controlled radio stations, Panama City Domestic Service, broadcast alerts throughout the week to the paramilitary Dignity Brigade, in several cases ordering various "battalions" to report to "headquarters" locations at specified times.

The Political Scene

The tripartite dialogue resumed on 14 August after a 10-day hiatus. Government and FDP representatives did not show up for a scheduled 10 August meeting, reportedly because two of the three opposition representatives to the talks were out of the country. The ACAN press agency reported that progovernment presidential candidate Carlos Duque was approaching the resumed talks with a "positive and optimistic attitude." The talks continue to be held under the aegis of the Organization of American States (OAS), although the OAS mediating mission, for the first time, will not be present during the dialogue.

The National Liberation Coalition (COLINA) on 10 August rejected the opposition's proposal for a national plebiscite to decide if the opposition's victory in the 7 May elections should be recognized. COLINA accused the Civic Democratic Opposition Alliance (ADOC) of attempting to circumvent the OAS mediation effort by reviving the election issue, which COLINA maintains is regarded by all other parties to the talks as a moot point. A COLINA communique stated that the current dialogue between opposition and regime representatives is designed to "adopt those measures that will ensure the existence of a provisional government that will prepare popular elections as soon as possible..."

The Economy

'Degree of Stability' in Industry—The president of the Industrialists Association of Panama told a Panama City television station on 10 August that "the industrial sector has achieved a certain degree of stability in the first 6 months of this year, compared to the very low levels of the same period last year." Carlos Valencia, alluding to the country's political situation, said that "whatever happens this month and next will determine how industry, and the economy in general, will fare this year."

Government Formula for 13th Month Bonus—The government announced on 9 August that the second installment of the extra month's pay given annually to all government workers—totaling $16 million—will be paid in a manner that will keep bonus funds in government coffers. Thirty-five percent of each bonus check can be used only for payments to state-run utility companies while the remaining 65 percent will be issued as promissory notes which can be redeemed in May 1990.

Free Trade Zone Near Costa Rica—A government proposal to establish a free trade zone at Paso Canoas, on the Costa Rican border, has drawn sharp criticism from operators of the 41-year-old free zone in Colon. Businessmen, transport owners, and workers in Colon Province have decried the lack of consultation from government ministries and have called on Solis Palma, minister in charge of the Presidency, to keep his word that he would not allow any economic action that would harm Colon Province.

Argentina

Envoy Addresses UN Decolonization Committee

PY1509214089 Buenos Aires TELAM in Spanish 1840 GMT 15 Aug 89

[Text] Buenos Aires, 15 Aug (TELAM)—Speaking on behalf of the Argentine Government, Jorge Vazquez, Argentine ambassador to the United Nations Decolonization Committee, today invited Great Britain "to take the first steps toward reconciliation through a direct bilateral dialogue" on the Malvinas Islands.

Vazquez expressed his "firm determination to normalize the relations between the two countries through a formula that may preserve Argentina's sovereign rights" over the archipelago.

Five weeks ago, President Carlos Menem said that he was willing to place the sovereign issue "under an umbrella," in order to "put relations with Great Britain on the right course."

Vazquez said that the dialogue sponsored by his country "is essential for building sound foundations upon which both countries may gradually solve all of their disputes and thereby assure peace and stability for the southwestern Atlantic."

Speaking to the "Decolonization Committee of 24," Vazquez referred to the break in bilateral relations and the declaration of exclusive fishing rights by Great Britain—two consequences of the 1982 war. He said that the issues about which his government wants to talk with the administration of Prime Minister Margaret Thatcher "have no direct links to the controversy over sovereignty."

The "Committee of 24" today approved a resolution sponsored by Cuba, Chile, India, and Venezuela, which reiterates the resolutions that have been issued in the past 7 years on the topic. Twenty committee members voted for the resolution, while four (Fiji, Norway, Sierra Leone, and Trinidad and Tobago) abstained.

Official Denies Joint Weapons Production

PY1608032689 Buenos Aires Domestic Service in Spanish 0200 GMT 16 Aug 89

[Text] Raul Caregnano, the Foreign Ministry's secretary of Latin American affairs, stated at the Foreign Ministry tonight that Argentina will not produce arms for sale, as had been previously reported. He added that Argentina will make airplanes jointly with Brazil.

[Begin Caregnano recording] It was a bad interpretation of information we gave regarding the visit Presidents Menem and Sarney are going to make to EMBRAER [Brazilian Aeronautics Company] near Sao Paulo. That is where an airplane prototype is being developed by Argentina and Brazil. It is an integrated project by which Brazil finances and assembles 70 percent of the airplane while Argentina finances and assembles 30 percent. It is a very good example of an integrated project. I believe that maybe that is why the information was distorted. The report said that the two countries were going to produce armaments. Nothing like that is being done in my secretariat, and we are not thinking about it. [end recording]

Defense Secretary Humberto Romero Resigns

PY1509230089 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2105 GMT 15 Aug 89

[Text] Buenos Aires, 15 Aug (NA)—A reliable source confirmed today that Defense Secretary Humberto Romero has resigned and that President Menem accepted his resignation.

Romero's resignation was denied by Menem himself last week, but yesterday Menem met with Romero, who reiterated his decision to leave his post.

The reason for Romero's resignation is not known, but apparently he resigned because of his differences with Defense Minister Italo Luder on how to manage various areas of the ministry.

Luder: Government Wants To End Military Trials

PY1508035289 Buenos Aires Domestic Service in Spanish 1600 GMT 15 Aug 89

[Text] Defense Minister Italo Luder has reiterated that the government wants to stop the trials that were initiated in the wake of the uprisings of Easter Week, Monte Caseros, and Villa Martelli. The minister added that the Army chief of staff may then analyze each individual case in order to impose the appropriate sanctions.

Seineldin's Detention Lightened

PY1509181389 Buenos Aires Domestic Service in Spanish 1600 GMT 15 Aug 89

[Text] Defense Minister Italo Luder has confirmed that Colonel Mohamed Ali Seineldin is now under a light preventive detention regime following a decision by Army Chief of Staff General Isidro Caceres.

Luder said the decision was Gen Caceres' prerogative as Army chief. Seineldin had been under strict preventive detention at the Army Support Directorate in Palermo.

Luder talked to reporters after swearing in General Pablo Skalany as new director general and president of the board of directors of the Military Manufacturing Department.

Military sources have said that Seineldin will move from his former detention center to a house in the Belgrano neighborhood tomorrow.

Suspension of Power Rationing Announced

PY1508035689 Buenos Aires Domestic Service in Spanish 1600 GMT 15 Aug 89

[Text] Energy Secretary Julio Cesar Araoz has announced that as of tomorrow, the electric energy cuts will be suspended all over the country. The suspension will last until the end of next week. He added that the Embalse nuclear plant will resume operations in 2 or 3 weeks. Araoz said the Atucha I plant is expected to resume operations between 23 and 30 October.

Brazil

Embraer, French Company Win Military Contract

PY1509041489 Brasilia Domestic Service in Portuguese 2200 GMT 14 Aug 89

[Excerpts] Embraer [Brazilian Aeronautics Company] is part of the consortium that won the international tender bidding to equip the planes of the antisubmarine patrols of the Brazilian Air Force. Embraer chairman Oziris Silva has reported that fact and announced Embraer's association with the French Company Dassault. The two companies will reequip the P-16 planes of the aircraft carrier "Minas Gerais," which are used in antisubmarine patrols. [passage omitted]

The Embraer chairman has confirmed Argentine President Carlos Menem's visit to the Embraer headquarters in Sao Jose dos Campos next week. During the visit, President Menem will learn about the details of the project in which Brazil and Argentina will cooperate in constructing the CBA-123, 19-passenger turboprop plane. According to reports today, this plane will be flying by May 1990 and has already received 127 bids for its purchase. [passage omitted]

Itamaraty Conveys Lebanon Position to Syria

PY1508135589 Brasilia Domestic Service in Portuguese 2200 GMT 14 Aug 89

[Text] Itamaraty has released a statement on the situation in Lebanon. The note says that in view of the deteriorating civil war in Lebanon—which has resulted in the death of dozens of men, women, and children—and considering that Syrian troops are in the forefront of the fighting, the Foreign Ministry today called the Syrian ambassador to Brazil to convey to that country the Brazilian Government's extreme concern about the increased level of fighting in that nation.

Itamaraty Secretary General Ambassador Paulo Tarso Flecha de Lima reiterated to Ambassador Ghasub al-Rifa'i the position of the Brazilian Government, which supports the territorial integrity and national unity of Lebanon and the withdrawal of all foreign troops from this embattled friendly country.

The Brazilian Embassy in Lebanon was hit by a medium-size rocket today, causing little damage. The embassy was unoccupied because all employees have been moved and installed in a hotel in Byblos, from which diplomatic affairs are being conducted.

Collor de Mello Registers as Candidate

PY1608015689 Rio de Janeiro Rede Globo Television in Portuguese 2200 GMT 15 Aug 89

[Text] National Reconstruction Party presidential candidate Fernando Collor de Mello registered his candidacy with the electoral courts late in the afternoon. Earlier in the afternoon, he had lunch with the ambassadors of 10 Arab countries at the residence of the ambassador of Saudi Arabia. Collor reiterated that if he is elected he will maintain a policy of nonintervention in Middle East conflicts.

Private Company To Prospect for Uranium

PY1609005889 Brasilia Domestic Service in Portuguese 2200 GMT 15 Aug 89

[Text] During a ceremony attended by President Jose Sarney, Brazilian Uranium, a state-run company, signed a contract with the (Andrade Gutierrez) Mining Company for the exploitation of Brazil's largest uranium deposit, located in Lagoa Real, Bahia. The ceremony, held at President Sarney's office on the third floor of Government House, marked the beginning of the participation of private companies in the Brazilian nuclear program.

President Sarney said that this is another step by which the public and the private sectors are joining efforts to implement the Brazilian nuclear program. National Commission for Nuclear Energy—CNEN—President Rex Nazareth said that the participation of the private sector in uranium prospecting will not end the state monopoly in the nuclear industry which is provided for in the Constitution.

The private contractor will spend $10 million to study the economic feasibility of exploiting the Lagoa Real deposits. A $100-million investment will be made to construct a mineral-industrial complex for the production of uranium concentrate, which is the raw material for nuclear reactor fuel. The complex, which will be built in the district of Caitite, will generate 600 hundred jobs.

Brazilian Uranium will sign two other contracts with private companies for prospecting for uranium in (Gondore), Minas Gerais, and in (Itatiai), Ceara.

Government Creates Environmental Preserve

PY1608021289 Brasilia Domestic Service in Portuguese 2200 GMT 15 Aug 89

[Text] President Jose Sarney has signed a decree creating the (Matiai Nauami) National Park, which will be subordinate to the Brazilian Environmental Preservation

Institute. The park, which will have 550,000 hectares and which will be used (?for raw material development), will have two environmental preservation areas.

The park houses a community of 300 people. Six other communities with 85 families each will be moved into the park.

Brazilian Environmental Preservation Institute President Fernando Cesar Mesquita has said that the area will be preserved by the communities themselves.

[Begin Mesquita recording, in progress]...an experience that will seek a rational exploitation of the forest without abuse. The people who live in the park will be in charge of this exploitation; they will preserve the forest and they themselves will decide what to do. They will show that they can do something for their own benefit. [end recording]

The IDB [Inter-American Development Bank] will provide $7 million over 4 and ½ years for the project.

Minister Resumes Activities After Surgery

PY1508035889 Brasilia Domestic Service in Portuguese 2200 GMT 14 Aug 89

[Text] Education Minister Carlos Santanna partially resumed his activities today. Following his doctor's instructions, the minister will only work 3 hours a day until 22 August and will only receive his closest aides.

The Education Ministry Press Department today reported that Santanna, who underwent heart surgery on 18 July, is doing well.

* Extent of Underground Economy Surveyed

33420072 Sao Paulo VEJA in Portuguese 12 Jul 89 pp 98-105

[Text] Everyone knows that the auto mechanic doesn't pay taxes, the lady who has a little clothing factory in her backyard has never sent a check to the INPS [National Institute of Social Security], and the family dentist would rather give up his own teeth than issue a single receipt. Things were always like this to some extent—and it never bothered anyone. Some time ago, however, even the least attentive began taking notice of a phenomenon that used to be mentioned only in discussions among economists and businessmen. On the one hand, the economic statistics have been disappointing, Brazil's gross domestic product has stopped growing, and the government—manager of all this unhappy estate—has plunged into an unprecedented crisis because it spends more than it collects in fees and taxes. Yet people are noting an intriguing absence of unemployment in this picture of paralysis—and, if they would also read the charts in the newspapers, they would discover that electricity consumption, a reliable indicator of growth, has been rising constantly for 10 years now.

Hidden behind these two apparently contradictory landscapes—stagnation contrasted with brisk activity—is an invisible but very powerful spring that drives the production of wealth in Brazil: an industrious and, at certain points, illegal network that specialists call the informal, underground, or parallel economy. It is a world that doesn't recognize the government, doesn't issue invoices, doesn't pay taxes, doesn't register its employees, and doesn't show up in any official statistics, although it is known to be extremely productive. "It's the phenomenon of the decade in Brazil," says economist Maria Cristina Cacciamali of the University of Sao Paulo, who has already written several papers on the topic. Due to the size of this invisible power plant, Charles Curt Mueller, economist and president of IBGE [Brazilian Institute of Geography and Statistics], promises to include it on the agenda for IBGE researchers from now on. "The informal economy has become so big that we plan to study it for the first time in the 1990 census," reports Mueller. Meanwhile, in Brasilia, Minister Mailson da Nobrega, who is accustomed to giving and receiving only unpleasant news in the economic field, finally appeared somewhat encouraged by the invisible production of wealth since, after all, it indicates that the country is showing signs of life on some fronts. "I would say that the informal economy now represents about 40 percent of the gross domestic product of this country," says da Nobrega. "Brazil must be better off than people think," adds the minister.

Champion

Although no systematic research has been done on this question, dozens of studies have been made at universities. They suggest that the size of Brazil's informal economy may be somewhere between 30 and 50 percent of the country's GDP, which today would amount to a fortune ranging from $100 to $170 billion annually—more than the entire foreign debt of Brazil, and bigger than the GDP of nations like Argentina, Venezuela, or Denmark. That's what the estimates say, and the calculation seems perfectly reasonable in light of what is happening in Brazil and in other countries. Thirty percent of the Italian economy is hidden underground; Germany may come close to that, or may even have exceeded it by now; in Peru, the champion of this way of doing business, more than half of the production is unrecorded.

People usually tend to think of the informal economy as a sort of productive underworld inhabited only by street vendors fleeing from the police, owners of stalls in low-class outdoor markets, or women making and selling typical foods to passers-by. However, it forms a vast fabric that accommodates everyone from the village baker and the electrician who installs the electric shower fixture, to the small manufacturer who sells roofing tiles without an invoice, or the big businessman who sets up a second set of account books in order to deceive the tax

collector. Somewhere between the two extremes are doctors, butchers, restauranteurs and dry cleaners, who rarely give a receipt or an invoice.

Full Employment

The informal economy is so well-entrenched in daily life that in the middle of a slum like Rio de Janeiro's Rocinha, which is home to 200,000 people, one finds a full-fledged gymnastics academy with 200 students but not a hint of official status. That academy, known as Pro-Muscle, has been operating for 5 months without any problems, staffed by teachers who are also very unofficial—they do not hold diplomas in physical education. "We're going to register our academy properly as soon as we get all the paperwork together," a visitor was assured by Pedro Soares, one of the instructors responsible for leading customers through the rigors of the bench press at a fee of 15 new cruzados apiece per month. Muscle, owned by an Army officer who rarely sets foot in Rocinha, is just one of the multitude of commercial establishments that have set up shop unofficially in that shantytown.

However, in this paradise of clandestinity which the entire country has become, one doesn't need to climb the steep slopes of Rocinha to find underground activity that is amply exposed to the light of day. In the southern Minas Gerais city of Monte Siao, for example, the people earn their living—to a significant extent—by making sweaters and evading taxes (see box on page 102). In Pernambuco, the city of Santa Cruz do Capibaribe has 6,000 little clothing factories that employ 30,000 workers but the records at the local city hall would indicated that not a single shirtsleeve is made in that community. The mayor of Santa Cruz, Ernando Silvestre, would rather not bother his fellow citizens with demands for taxes. "City Hall is poor, but the city itself is prosperous, and there is no unemployment here," Silvestre boasts.

Unemployment figures in Brazil sound ridiculous to someone who sees only the official economy, but they come down to realistic levels when examined from standpoint of the mayor of Santa Cruz do Capibaribe. In 1988, a year in which the nation's output actually declined, the unemployment rate was much lower than in 1980, when the economy jumped by 9 percent, and practically the same as the index recorded in 1986 during the Cruzado Plan, a euphoric moment when the country experienced its highest rate of consumption, employment and optimism about the future. A peek behind the curtain that covers the underground economy shows why. A study made recently by the Ministry of Labor showed that the number of vacancies available to applicants for jobs that are not registered in the worker's labor passbook rose by 20 percent last year. Furthermore, we know that the worker who typically works in the informal economy, who has no labor passbook and doesn't pay into social security, represents almost half of Brazil's 55 million economically active population. "The size of this clandestine economy is astonishing," says economist Beatriz de Mello Flores of the Getulio Vargas Foundation in Rio de Janeiro, who in 1985 published a book on the subject.

Hungry for Tax Revenues

Because it creates jobs for the artisan, the street vendor, and even the housewife who makes shirts, the informal market could be hailed as a positive factor, both for whose who make their living on it and for the nation that grows within it. With all its clandestine economic culture, which has thrived in a country where the government is viewed as a ravenous beast that devours taxes and an inept administrator of projects, Brazil also ends up, inevitably, as the victim of the invisible economy. What happens is that, riding along on the fringes of the informal economy is another multitude, one that simply evades taxes. It is true that the output of any of these activities eventually appears on the surface of the formal economy, since even the money diverted from reaching the public coffers will be used to buy something someday and will then be contributing to produce wealth in legal territory. The problem is that a tax-dodging company that produces under the table has a clear advantage over one that produces within the law, and this results in unfair competition. If no one takes any action against such distortion, then the climate is right for people to begin to feel abused just because they are operating within the law. "Those who work on the sidelines use the government structure and services without paying taxes," says Minister Mailson da Nobrega.

When he was campaigning for the governorship of Sao Paulo in 1986, businessman Antonio Ermirio de Moraes was handed a study which said that 30 percent of the commercial transactions in that state were concluded without invoices—i.e., did not involve the payment of any tax. At the time, Ermirio was concerned about the prospect of becoming governor of a treasury that was living on 30 percent fewer calories. Today, relieved of that particular worry, the owner of the Votorantim group—which ranks second in the nation in assets and net profits—still believes it is unacceptable that some people burrow into the underground to the detriment of others. "We who pay our taxes religiously also end up having to answer the roll call for those who cheat," Ermirio says. "And what is worse, the number of undocumented transactions today surely exceeds the 30 percent estimate made 2 years ago." His reasoning is crystal clear: since the government lives with an ever-increasing deficit, it ends up throwing the burden of its fiscal voracity onto the companies that regularly pay their taxes.

Magic Soybeans

As always is the case in any discussion among economists, there are conflicting views with respect to the informal economy. The majority believe its territory in Brazil is extremely far-reaching. Others believe that its

impact is being overestimated by those who oppose government involvement in the economy and always extol the vigor of the spontaneous market. Finally, there are those specialists who prefer to define as "informal" only that territory where the laws are observed, albeit without official records, as is the case with many micro-enterprises. The resto of the territory, composed of those who evade taxes, they would simply call a grazing land for criminals—not the informal economy. In the last analysis, this is only a dispute over terminology. You could call half of Brazilian agriculture informal, underground, or illegal—but the most accurate term might be "magic," since it vanishes into thin air before any bureaucrat can register it for tax purposes. "Including subsistence farming and evasion pure and simple, 50 percent of what is produced on Brazilian farms and ranches remains outside the bounds of the GDP," says Deputy Alysson Paulinelli, former minister of agriculture, a farmer in Minas Gerais, and one of the foremost authorities on rural life in Brazil.

What is being planted in the rural areas are true miracles, not good statistics, and this starts with Paulinelli's home territory. According to the Minas State Department of Agriculture, only 70 percent of the state's harvest is accounted for. Part of what doesn't show up is used pretty much as people long ago used salt—as money. "Farmers are swapping coffee, soybeans, and corn for cars and tractors," says Minas Secretary of Agriculture Jose Mendonca de Morais. In Sao Paulo, the Department of Agriculture knows how much of the crop is going to disappear even before it is harvested. Only half of all the peanuts produced, for example, will be sold against invoices. The other half traditionally goes into the little bags that are sold in soccer stadiums and on the streets outside movie theaters. Finally, there are the soybeans that Brazilians harvest and load into trucks bound for Paraguay. There the beans are simply rebaptized as Paraguayan, reenter Brazil, and are exported in the hold of some ship. It is estimated that this contraband alone represents $1 billion in lost foreign exchange.

The Triple Jump

In most instances, those who seek refuge in the informal economy are just trying to operate a modest business far from the government tax levies. "Many people flee into the informal economy because they believe that the tax revenues will not be well spent," says Reinaldo Mustafa, federal revenue secretary. It can be said with no fear of contradiction that Brazilians who operate in the informal economy today unanimously agree with the secretary. "What I want now is distance from the government," says Ademir Sobrinho, a merchant in the greater Sao Paulo city of Santo Andre. Sobrinho once had a shop that sold building supplies, but it succumbed to taxes. Then he bought a general store, but found that the money left over at the end of the month didn't cover the rent on his house. Eight years ago he set himself up in a kiosk just outside the gates of the Volkswagen factory in Sao Bernardo do Campo, where he sells cheap sugarcane liquor. Now his net earnings are 800 new cruzados a month. "Now I don't pay any more taxes, I don't pay any more inspectors, and I don't pay any more accountants," Sobrinho says.

Near the Volkswagen factory, on the perimeter of the parking lot where buses load up to take workers home at the end of every shift, an enormous market with hundreds of tent stalls flourishes. Like Sobrinho's stand, they sell food, drinks, and all sorts of knickknacks without paying any taxes. The stalls that sell products smuggled in from Paraguay are among the busiest. In this cases, the "informality" is double, sometimes triple. The owner of one of those stalls, for example, is an employee of an automobile factory in Sao Bernardo. On his days off, this guy goes to Paraguay and buys his loot—usually fine quality tools of European or U.S. manufacture—which he then sells outside the Volkswagen gates. He pays 200 new cruzados a month to a former metal worker who takes care of the stall and who, on the weekends, works as a waiter—a job not recorded in his labor passbook—in a restaurant in Sao Paulo.

The Tax Dodger Culture

In the interior towns of Brazil, the formality of issuing an invoice is observed as infrequently as are the traffic laws. Wells are dug, roofs are tiled, walls are put up and larders restocked without a single invoice being torn from the pad. "People are convinced that the government will take their money and just waste it," says Deputy Antonio Delfim Netto. According to Delfim, that feeling has increased considerably in recent times, owing to factors such as the wave of strikes and the growing inefficiency of the civil service. "That gives the common man an ethical justification for evading taxes," the congressman says. In some cases, the feeling of being exploited is particularly strong—such as among cattle breeders who fatten their animals, give them their medicines, identify with them to the point of giving each of them names, and then cannot accept the idea that their herd of 100 head is being cut down to 80 by the revenue authority's scalpel. This creates a culture of evasion which is reinforced every time the government decides to increase the appropriations for the North-South railroad or assemble a delegation of 150 for some junket to foreign shores, such as the group that will go to Paris this week for the celebration of the bicentennial of the French revolution.

It can't be denied that the authorities manifest a certain degree of understanding and even complacency with regard to this situation. In every city one can find completely informal markets like the Brique street fair, held once a week in Porto Alegre. Every Sunday an average of 30,000 people visit the market, where antiques and arts and crafts are sold, and leave about 70,000 new cruzados behind. The chance to sell things at the Brique without the everyday nuisances imposed by the law has changed many a life. It is there that former Meridional bank employee Jaqueline Fujiwara sells the

colorful rag dolls she makes during the week. The dolls boost her family earnings by 2,400 new cruzados per month. In just one Sunday, Fujiwara can take home twice what she would receive if she had continued working at the bank, "I'm never going back to work for someone else," she says. "I don't want to hear any more about signed labor passbooks."

No Receipts

The vitality of the informal economy has begun to worry industrial groups, which no longer discount the competitive threat posed by the cottage industry. Hering—Brazil's top maker of tee shirts, with factories are in Blumenau, Santa Catarina—is a case in point. Two decades ago, Hering dominated 60 percent of the Brazilian market, but now its share is only 20 percent. Part of this market was stolen from them by thousands of little informal knitwear makers who have set up operations in Blumenau during these 20 years. "We lost market share because those mills could sell cheaply," says Ivo Hering, the company's president. "They cheat on their taxes and don't register their employees." If this bothered the big businessman, the activity of the little workshops has electrified the business run by Marcos Salles Leyendecker, owner of a firm that supplies jersey—the raw material for tee shirts—to many of them. Marcos' mill grosses 350,000 new cruzados a month and has 1,500 customers, a third of them owners of informal knitwear makers. "My biggest customer has only 15 employees," he says.

A few weeks ago, the federal revenue authorities caught 760 clinics in Sao Paulo in the act of evading taxes and heard an order from Minister Mailson da Nobrega, who is concerned about those who are not shirking their responsibilities. "Let's be tough," the minister ordered. If the law were to be strictly enforced, the SRF [Federal Revenue Secretariat] would have to launch an inquiry into the fiscal life of the majority of the country's doctors and dentists. These are fields that, owing to the peculiar tax characteristics of the work they do—expenses for their services can be deducted on the income tax return by submitting the receipt—have become a veritable storm sewer carrying money into the informal economy. In Minas Gerais alone, for example, there are 14,000 practicing dentists who see an average of eight patients a day and charge about 30 new cruzados per office visit, according to estimates by the Regional Dentistry Council. This suggests that dentists in Minas Gerais take in more than 3 million new cruzados a day. "Only half of that is declared to the SRF," estimates Geraldo Garcia, superintendent of that agency's Belo Horizonte office. It's a calculation that errs on the side of optimism. Dentists, like doctors, usually conceal more of their income than that. Right there in Belo Horizonte, a husband-and-wife dental team that practices in the Floramar neighborhood and sees 14 patients a day acknowledges that they rarely issue more than two receipts a day. The couple built a house with the money that they didn't pass on to the SRF, but now they have a problem: Although it has been finished for some time, the house has been carried on their income tax return as being under construction. In fact, in the eyes of the SRF the couple can't finish building it, because when they do they will have to declare its value and will have no way to explain where the money came from. "This year we'll figure out what to do," said Marilia, the dentist.

Fake Deeds

Doctors and dentists usually have a ready explanation to justify the two fee schedules they use—one for those who want a receipt and another, cheaper, for those willing to leave the office without one. "We need to shelter ourselves from income tax somehow," says Reinaldo Furnaletto, a Sao Paulo endocrinologist. Except for wage earners, from whom the government takes taxes directly out of the paychecks, any Brazilian who can protect himself from the SRF does so, except for some slaves of duty. And all that money that is not declared must necessarily go to fill the tanks of the informal economy. The most common way that people use to put that money back into the formal economy is to buy real estate, since it is always possible to deceive the SRF by having the deed issued at a value well below the actual purchase price.

In Sao Paulo, a major real estate brokerage firm calculated last week that in that state alone, monthly turnover in his field amounts to 1 billion new cruzados. The clerks at the registry offices, however, record only half that value. "Anyone who insists on issuing a deed at the true value won't be able to close a deal because the buyer usually needs to hide a portion of his wealth," said the broker. Sometimes this practice has strange consequences. A year ago, a consul-general of a foreign country spent $1 million on a building for official use, but signed a deed that showed only a third of that value. "When it came time to account to his government for the funds, he was almost arrested," says the broker who handled the transaction.

The real estate business offers other advantages, besides the maneuver with the deeds, for those who cannot reveal all their funds. For example, you can erect a building by buying almost all the materials at prices below market levels if you don't ask for invoices. "The only things you can't buy without an invoice are elevators and structural steel," says the owner of a medium-sized Sao Paulo construction company who, besides buying "off the books" uses "wildcats" to do the work—small contractors who employ laborers without signing their labor passbooks. Such maneuvers help explain the amazing number of apartment buildings that are springing up in a country where the official economy shows signs of weakness. "My typical client is the owner of a junkyard on the outskirts of the city who is converting the funds recorded on his second set of books into a building," says the Sao Paulo builder, who during

the first five months of this year sold 90 luxury apartments. In the Parana city of Londrina, where 250 buildings are now under construction, one thing has become the fashion: constructing buildings under the condominium system. By this method, people form a group, buy a piece of land, hire a contractor, and disburse the money to defray the costs of construction as the work progresses. Part of the materials, of course, are purchased without invoices. "That's the only way to economize," says Wilson Campos. a doctor who is on the condominium board of a building christened "Vitorio Francovig."

Exporting the Underground Economy

It has been observed that the informal economy expands in proportion to the increases in the disorganization of the official economy. Since it has been years since the government has used savings account and FGTS [Unemployment Compensation Fund] funds to build affordable housing, people are managing to build their homes without either public financing or the countless legal requirements that make life difficult for anyone who wants to build. In Parana, a state that has one of the nation's highest per capita incomes, a survey by the Civil Construction Union found that half of the 16,000 houses built in 1987 were not legally registered. In Rio de Janeiro alone, there are 508 clandestine subdivisions and in one of them—a tract that belongs to Light, the utility company—a street vendor by the name of Virginia Paschoal built a three-room masonry house. "I don't know if I would have enough money to buy a house," she said. "A house that is built and financed by the government costs several times more than one built by the owner himself," says Roberto Capuano, president of the Sao Paulo Regional Council of Real Estate Brokers.

The parallel economy works in a wide variety of ways. It exists in the life of the tinker, the seamstress, the owner of a cottage industry, and even of a major real estate broker, but in Belem do Para it has chosen a peculiar way of expressing itself: art. In Paracuri, a suburb of Belem, a successful and informal pottery industry has been operating for years. It doesn't pay taxes, but employs 4,000 people who make ceramic pieces, imitations of the art of Marajo. Ever since foreign buyers began to take an interest in the pieces, the neighborhood's pottery makers have seen their business grow and have started charging in dollars. "We just haven't gone into direct exportation yet; that is still done by specialized companies," says Jose Maria Pinho, who bought a pottery factor 4 years ago. Now his calender is booked up with visits from foreign customers. The profits from the factory have enabled Pinho to buy two shops in the neighborhood and a 1989 car. "Thank God, I'm free from taxes," says Pinho, contemptuously.

[Box pp 102-103] Secrets of Monte Siao

Situated 485 km from Belo Horizonte, the municipality of Monte Siao was until 20 years ago an insignificant producer of coffee and beef cattle. Today, the city is one of the most prosperous in southern Minas Gerais and is proud of its reputation as the national knitwear capital. Actually, Monte Siao would probably also meet all the standards for being known as the Brazilian capital of the invisible economy. With a population of 20,000, Monte Siao has a bustling textile industry with 400 factories and more than 300 boutiques, half of which are believed to be completely clandestine. Output of wool and jersey apparel, which developed in the city in the wake of a fair sponsored by the city authorities in 1972, has mobilized almost all the residents of the municipality and is sold to the major stores in Sao Paulo, as well as locally. "We are an oasis in the midst of the crisis," says Mayor Mario Marcio Zucato, the probable owner of a knitwear factory that turns out 500 items of apparel every week. "City Hall is the only one with a problem; it doesn't collect much tax revenue."

The little factory in the backyard run by seven sisters of the Simoes family is an example of how the city's economy operates. "Everything we do is done under the table," explains Neuza Simoes, the eldest of the seven. They buy the wool yarn right there in the city, without an invoice. They hire other workers without registering any of them. In all, they make 2,400 items of clothing a month. When sold to the local shops—again without invoice—they bring in 8,800 new cruzados a month. Their biggest customer comes from outside the city. "Many Sao Paulo wholesalers come here for our products, but they don't issue invoices either, in order not to pay taxes," says Neuza. "If we had to register as a company, we just could not continue to operate," she asserts.

Some 2,800 people, 2,500 of them women knitters work on this basis in Monte Siao—most of them without paying taxes and without bureaucracy or fear of inspectors. "Knock on any door in Monte Siao and you'll find a knitting machine running," says Marcia Bernardi Ruiz, who also owns a clandestine company. "It is impossible for everything to be done just right in a country where everything goes so wrong," says Marcia.

[Box p 105] A Hidden Force

Whenever anyone talks about informal economies, Italy is cited as the classic example of spectacular development that was brought about by the proliferation of small, clandestine enterprises. They began to appear after World War II when the country began to reorganize. It was a phenomenon that became known as the "voluntary economy." The informal companies were not restrained by the government, which wanted to stimulate the economy, and they are given the credit for the growth spurt in commerce and industry that moved Italy in 1986 into fifth place among the great world powers, overtaking England.

Today, Italy has giant modern industries such as Fiat and Olivetti, but a major part of the money that circulates there still passes through an immense number of

unknown, sometimes minuscule, firms that are spread out everywhere—from the street fair to the manufacturing industry. It is calculated that they account for about 30 percent of gross national product and employ a quarter of Italy's labor force. In addition, enterprises that have voluntarily emerged from the underground are responsible for one fourth of Italy's exports. "That was the way to get financing," explains Gianfranco Massimo, a researcher at the Center for Studies in Italian Corporate Investment (Censis), one of the most respected institutes of its kind in Italy. In cities like Prato in the north central region, however, most of the small companies still live underground. In Prato, where only 1,500 of the 15,000 apparel industries have been legalized, per capita income is twice the national average.

Colombia

Londono Opposes Presence of U.S. Soldiers

PA1508215789 Madrid EFE in Spanish 2105 GMT 15 Aug 89

[Text] Bogota, 15 Aug (EFE)—Colombian Foreign Minister Julio Londono today insisted that his government "is not prepared to accept the presence of U.S. soldiers to fight drug trafficking."

The foreign minister's remarks came in reaction to comments on 14 August by U.S. Government sources with close ties to the White House and its policy against drug trafficking regarding the "friendly invasion" with "Green Berets" of Colombia, Peru, and Bolivia.

On 5 September, U.S. drug "czar" William Bennet must submit to the U.S. Congress a plan to stamp out drug trafficking. Sources close to his office promoted the idea of sending "Green Berets" to the Andean countries.

"I think that if the Green Berets are going to conduct a peaceful invasion it should be in New York, Los Angeles, and other major cities in the United States where drugs are sold on the corners of major avenues, often with the tacit consent of the local authorities," Londono noted.

The foreign minister said that Colombia's security forces and all Colombians have "proved that war is being waged and has achieved spectacular victories in suppressing drug trafficking."

Therefore, Londono stated, "an operation in those cities would be more advisable, and we must consider the true support that those countries engaged in the war on drugs must receive."

Legislator Attacked by Hired Assassins in Bogota

PA1608014589 Bogota Inravision Television Cadena 1 in Spanish 0000 GMT 16 Aug 89

[Excerpt] There was an attempt on the life of Miguel Roa Vanegas, a Liberal Party parliamentarian from Boyaca Department, in Bogota today. The authorities initially explained this attack as one more chapter in the so-called green war being waged between emerald traders and drug traffickers. Roa Vanegas had already been the victim of three previous attacks, including the blowing up of his house. He is now fighting for his life at a clinic.

The legislator was traveling with his four bodyguards this morning when his car was intercepted by a van at 11th Street and 38th Avenue. Four hired assassins fired 19 times at Roa Vanegas. He was the only one wounded. The 43-year-old parliamentarian was taken to the San Pedro Clavel Clinic. One shot fractured his jaw, another hit his thorax, two hit his shoulder, and another his right hand. [passage omitted]

Suriname

President Returns From Brazil 13 August

FL1508180889 Paramaribo International Service in English 1730 GMT 15 Aug 89

[Text] On his return to Suriname last Sunday [13 August], President Shankar told newsmen at the airport that the working group will execute the Kourou Accord. The working group is yet to be installed. Shankar also said that proposals put forward by the military authorities for the disbanding of the terrorist gang will be studied.

He made these announcements shortly after his arrival from Brazil where he was on an official 4-day visit. He also emphasized that there won't be people walking around the interior with illegal documents.

According to Shankar, Brazilian President Jose Sarney is happy with the peace process in Suriname.

Shankar To Form Commission To Implement Accord

FL1508141689 Bonaire Trans World Radio in English 1130 GMT 15 Aug 89

[Text] Surinamese President Ramsewak Shankar says he will soon form a commission to implement the peace agreement [Kourou Accord] signed with Suriname's rebels. The Surinamese leader says the commission will look into ways the rebels can be disbanded and reintegrated into Suriname society.

Mr Shankar called on the rebels to turn in their weapons to authorities. However, a rebel representative in Paramaribo says the accord does not call for disbanding or disarming the rebels.

Rebels in Possession of Aircraft

FL1508183489 Paramaribo International Service in English 1730 GMT 15 Aug 89

[Text] There will be an investigation into reports that the Brunswijk gang is in possession of airplanes. This was

declared to our news room yesterday by Chairman of the National Assembly Jaggernath Lachmon.Lachmon was responding to a question as to whether Brunswijk's possession of airplanes will have any effect on the implementation of the Kourou Accord. If the investigation indeed proves that the gang is in possession of aircraft, according to Lachmon, he will hold new talks with Brunswijk. Nobody can stop the implementation of the accord, said Lachmon.

The information of the gang's possession of airplanes was given to the Assembly chairman last Friday [11 August] by Army Commander Desi Bouterse during discussions. The daily DE WARE TIJD has in the meantime reported that one of the aircraft is out of order.

Bauxite Workers Send Complaint Letter to Arron

FL1508190089 Paramaribo International Service in English 1730 GMT 15 Aug 89

[Text] Residents of the bauxite town of Moengo in the Marowijne District have in a letter to Vice President Henck Arron again raised problems they are faced with.

Moengo is one of the areas affected by terrorist activities since the beginning of the war conflict. The normalization of life there has stagnated because of the poor services rendered by government, according to the residents. In this respect, they mention a lack of good service, recreational facilities, and the poor distribution of basic food items. Also, the different government institutions in Moengo aren't functioning well, said the residents. The Moengo community is made up mainly of families of workers employed in the bauxite mine there.

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